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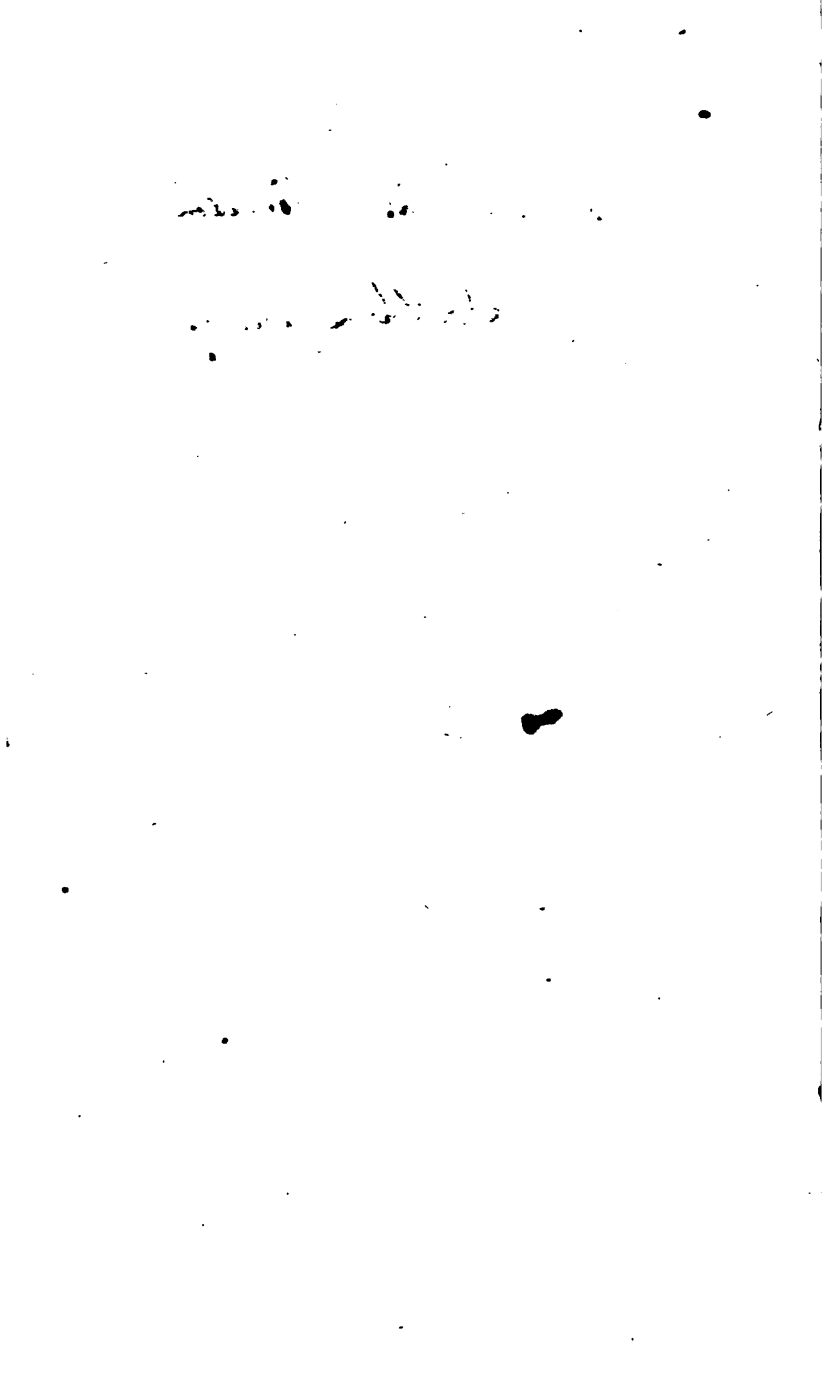
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BY F. G. CLARKE.

"AUTHOR OF THE MERCHANT AND SHIP MASTER'S GUIDE."

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REMARKS ON LECTURE NO. 1.

Before we enter particularly on our first lecture it will be necessary for me to apprise the learner that there is no difference between the Journal and Leger as regards Debit and Credit. Indeed both books in these respects are alike, for whatever is made Dr. in the Journal, will of course become Dr. in the Leger, and so with the Credits. The Journal in fact may be called the first Leger, the entries being made without regard to classification or arrangement.

The object of the third book or Leger, is to arrange and classify each item under its own particular head.—Hence, any one who can transfer a charge correctly from the Day Book to the Leger in single entry, can with equal ease Journalize that charge if he will but do it on the same principle.

Now, every person who gets into my debt must be debited to something, if it be for goods sold him on account he must be debited to the goods. On the same principle if I sell him the goods for his note then the note or bill receivable becomes Dr. to the goods instead of the person. If I barter a quantity of merchandise with him for his house, then, the house becomes Dr. instead of the person. *Hence every Dr. must have an equal Cr.* Now, in the above case if my

goods had been sold to the person on a credit, that is on account, the merchandise would be credited by the *person*; if sold on his note, then the merchandise would be credited by *Bills Receivable*. If delivered him in barter for his house, then the merchandise is credited by the house. If the student will habitually regard the above principles of Dr. and Cr., without seeking for Rules to guide him in his entries, he will soon become familiar with the principles and will be able to master all those that are more complicated in a short time, with the utmost ease. But he may rest assured if he confines himself to certain Journal rules, rather than principle, that he will never make a competent Book Keeper. Should he study a course of lectures however extensive, and confine himself to rule, in the end he will find himself disappointed, as such a course will naturally lead him to depend on others; and, in actual business should he fall on transactions not to be found in the works he has consulted, he will be likely to find much difficulty. Indeed, seeking for parallel cases in the works of others is one of the worst principles that can be adopted. Here let me remark that when we have more than one Dr. or one Cr. in the Journal we class such entries under the name of *Sundries*. Thus, in the Journal expression of entry A we read *Sundries Dr. to Stock*, the Drs. are *Cash, Bills Receivable, House in Court St., and Merchandise*.

In entry B we read *Stock Dr. to Sundries*, the Credits are, *Wm. Shaw and Bills Payable*. When there are more than one entry in both the Dr. and Cr. of the Journal, we read *Sundries Dr. to Sundries*.

From what has been said we shall at once infer that whenever a person gets into our debt, his name must be written on the Dr. side of the Journal. All that we receive of whatever name or nature in the course of our business must also fall on the Dr. side.

Again, whatever we sell, deliver, or part with must fall on the Cr. side. Every person to whom we owe any thing on account, ~~the name~~ must be written on the Cr. side. Thus we see that the Journal principles so far, are reduced to this simple rule.

All persons who contract a debt, or owe you any thing

on account, must be debited in the Journal. All *Merchandise, Ships, Houses, Bank Stock, Notes, &c. &c.*, received or bought by you must be debited. All persons to whom you owe any thing must be credited for the amount of the debt contracted, and, all things of every description, name, or nature passing out of your hands, or from your store, must be credited.

A few words on **Profit and Loss** and we will proceed with our Lecture.

The imaginary accounts which are usually ranked under the head of *Profit and Loss* are—*Expense, Commission, Interest and Exchange accounts*. The Profit and Loss Account, is sufficient, however, unless the merchant wishes to ascertain whether the balance is for or against him in each of the above accounts. To illustrate the nature of the Profit and Loss account, let us suppose you to have found \$100 in cash. Now it is evident that you have no person or thing to Cr. for this amount, hence it must be entered under the head of *Profit and Loss* and your Journal expression will be *Cash Dr. to Profit and Loss*.

Now let us suppose the owner appears and you deliver him his money, then the entry will be *Profit and Loss Dr. to Cash*. From this simple circumstance it will be perceived that all gains arising from such sources are to be credited, and all losses to be debited, under the head of Profit and Loss in the Journal. Again all Interest, Discount, Premium, &c. paid or allowed by you, if such accounts are not opened in your books, must be debited to Profit and Loss, and all Interest, Discount, Premium received by you must be Cr. under the head of Profit and Loss. The preceding principles may be condensed in the following general

RULES FOR JOURNALIZING.

1st. Every thing rec'd by the merchant must be *debited*.
2d. Every thing delivered, paid, or passed away must be *credited*.

3d. All gains must be credited by Profit and Loss.

4th. All losses must be debited to Profit and Loss.

Bearing in mind that the Dr. side of the Journal is the same as the Dr. side of the Leger, and the Cr. side of the one is the same as the Cr. of the other.

REMARKS ON LECTURE NO. 1

This Lecture exhibits the opening and closing of a set of books, each entry in the *waste* is distinguished by the letters of the alphabet. Each entry in the Journal is numbered or post marked, showing where the entry may be found in the Leger. Thus, No. 1 shows that stock on the Cr. side of the Journal is posted under the head of Stock in the Leger thus, *By Sundries* 9000. Again No. 3 will be found under the head of Cash, and charged thus; *To Stock* 2000. No. 14, will be found under the head of Wm. Shaw, and charged thus *To Merchandise* 1050, and so with all the other entries in the Leger.

The Journal expression of entry A as before stated, is, *Sundries Dr. to Stock*. It may be asked why, Stock is credited? Stock in this case represents the merchants name and as he should be credited for all he possesses we credit him under this head.

Entry B. Here Stock is Dr. to Sundries; that is, we debit the merchant under this head for what he owes.

Entry C is a personal account, Wm. Shaw is therefore debited for goods sold him on book account, that is, on credit.

Entry D is a real account, but not personal, *the thing received is made Dr.*, therefore the Journal expression is *Bills Receivable Dr. to Merchandise*.

Entry E illustrates the nature of Bank discount. The Journal expression '*Sundries Dr. to Bills Receivable.*' or Cash and Profit and Loss Dr. to Bills Receivable, shows that I have received Cash, allowed a discount, and passed away a note in my favor.

The Journal expression of entry F shows that I have bought merchandise and paid Cash.

Here let me remark that it is important, that the student should so accustom himself to the Journal expressions as to understand the nature of the entry in the waste without reference; by this I do not mean that he can understand every particular but merely the nature of the transaction. As I have before observed that to enter the name of any person or thing on the Dr. side of the Journal is virtually debiting that person or thing in the Leger and so with the credit, let us now compare one or two entries in the Journal with the

same in the Leger. Entry No. 6 in the Journal may be read thus—*Dr. Bills Receivable to Stock* the same number in the Leger reads *Dr. Bills Receivable to Stock*. And in entry No. 8 Journal, we have *Bills Receivable Cr. by Sundries*; the same number in the Leger has the same expression. Perhaps it will be well for me to remark that every entry in the Journal opens a corresponding account in the Leger.

ON CLOSING THE ACCOUNTS IN THE LEGER.

STOCK ACCOUNT.

From our remarks on Journalizing it will be at once inferred that the Dr. side of this account shows the amount of your debts at the opening of the books; the Cr. side, your gross stock or what you have in property and debts due you. Hence the difference between the two sides, if the Cr. be the greatest is your nett capital, or what you possess over and above of what you owe. But if the Dr. be the greatest, it shows what you owe over and above of what you have property to meet.

In closing the books the nett Profit or Loss in business and the Balance of balance account is transfered to this.—If the books be right it will be sure to balance. *See balance account and remarks on closing the books.* Lecture No. 1, 2 and 3 illustrates every possible case. In closing the books, the *Stock*, *Profit* and *Loss*, and *Balance* accounts, are necessarily left open until all the other accounts are closed. The Stock account of course is the first opened, and the last closed.

CASH ACCOUNT.

The Dr. side of this account shows the sums of money received, the Cr. the sums paid away. If all the money be paid out it will balance of course. But if there be a difference between the Dr. and Cr. side it must be closed, *By Balance* for this difference. The Cr. side can never exceed the Dr. but by a mistake, as you cannot pay more money out than you have received.

BILLS RECEIVABLE.

The Dr. side shows the notes and other obligations received by you: the Cr. those passed away, if all be passed away the account will balance of course. But should there be a difference close the account by balance for this difference. The Cr. side can never exceed the Dr. but by mistake. The difference between the two sides shows the amount due to you on obligations.

REAL ESTATE.

Under this head are generally ranked Houses, Stores, Lands, &c. But let me observe that the expression is too general to be admitted into the Leger, as it shows nothing in particular; but the whole mass of such property without distinction. Now, should the Book Keeper wish to ascertain whether a particular piece of property be an expense or an income to his employer, it would cost him some time and labor. But should each House, Store, &c. be expressed in the Journal by some name, number, or street, then he would open a particular account with all his Real Estate under its own appropriate head. Thus for instance, if he owns a House in Court St. Let it be entered in the Stock account *House in Court St.* If he pays Cash for repairs on said house, then charge the repairs thus; *House in Court St., Dr. to Cash.* If he receives money for rent then debit Cash thus;—*Cash Dr. to House in Court St.* In this manner he will open a particular account with each piece of property of the kind, and in order to ascertain whether any particular piece be an expense or an income, he has nothing to do but to strike his balance which is done in a moment.

The Dr. side of this account shows the cost and charges on the Estate, the Cr. the income arising from rents, &c. If the estate or property is not sold credit the account first by Balance for its value then To or By Profit and Loss, for the gain or loss—*See Store in Broad St., Lecture No. 3.*

MERCHANDISE.

The Dr. side of this account shows the cost and charges attending the purchases, the Cr. the sales made. If all be

sold close the account, To or By Profit and Loss for the gain or loss. If part only be sold Cr. the account, first By Balance for the part remaining unsold for its value, then To or By Profit and Loss for the gain or loss. If none be sold close By Balance for the Dr. side. The Balance of Merchandise on hand is generally found by Inventory.

The Balance of Merchandise on hand in Lecture No. 1, is ascertained and the account closed as follows :

Ent.	brls		\$	ct.	Ent.	brls		\$	ct.
A	600	In store at \$5,	3000	00	C	150	Sold W. Shaw, \$7,	1050	00
F	200	Bot of Wm Pool, \$5	1000	00	D	100	" C. Chase, \$7,	700	00
	800	Total cost,	4000	00		250	Total Sales,	1750	00
		Profit and Loss,	500	00		800	Purchased,		
			4500	00		550	Bal. on hand at cost	2750	00
								4500	00

As I shall introduce a form by which the student can *with great simplicity and little labor*, keep a particular account of all the merchandise supposed to be bought and sold, in making up a set of books for practice, it will be unnecessary for me to enter into farther particulars at present.

PERSONAL ACCOUNTS.

Such as Wm. Shaw's account.

The Dr. side shows what he owes you, the Cr. side what he has paid you or what you owe him. This and all other personal accounts, are closed "To or By Balance," for the difference between the two sides. If *To Balance* you owe him, if *By Balance* he owes you.

BILLS PAYABLE.

The Cr. side of this account shows your own notes and other obligations passed away. The Dr. side shows such as have been paid or taken up by you. If all have been paid the account will balance of course, if not, close the account *To Balance*, for the difference between the two sides; this balance shows the amount you owe on your obligations.

PROFIT AND LOSS.

The Dr. side of this account shows the loss sustained in business, the Cr. the gain. When you close an account in the Leger *To Profit and Loss*, the same amount must be transferred to the Cr. side of this account, [See reference G

Merchandise acct.] but when closed by *Profit and Loss* the amount must be transferred to the Dr. side. Thus the Merchandise account is closed "To Profit and Loss 500," this gain in that account you will observe is transferred to the Cr. side of this account, thus, "By Merchandise \$500."—Also, in Lecture No. 2, House in Court St., is Cr. by Profit and Loss for a depreciation in the value of the property. This loss is transferred to the Dr. side of Profit and Loss account in that Lecture, thus, "To House in Court Street, \$500."

The Profit and Loss account is closed *To* or *By Stock* for the nett gain or loss in business. To Stock if the Cr. be the greatest and this gain transferred to the Cr. side of Stock account. But, By Stock if the Dr. be the greatest, and this loss transferred to the Dr. side of Stock account. [*Lecture No. 2.*]

TRIAL BALANCE.

The student or Book Keeper must not attempt to close the accounts in the Leger until the Trial Balance proves the Books to be correct. In order to do this he must take the difference between the Dr. and Cr. sides of all the accounts in the Leger, *as in the Lecture*, and transfer the Cr. differences to the Cr. side of this account and the Dr. differences to the Dr. side, then if the sum total of these Dr. differences be equal to the sum total of the Cr. differences the account of course will balance. When this is done the accounts in the Leger may be closed.

The student will bear in mind that in actual business the Trial Balance must not be introduced into the Leger. The difference between the Dr. and Cr. sides of the accounts is to be taken on a separate piece of paper and not in the Books as represented in the Lectures and in Leger A. The Trial Balance may be entered in a small book kept expressly for the purpose.

- Detection of Errors.* Should the Trial Balance prove
- the Leger incorrect the error must be sought for as follows: Count all the Sums on the Dr. side of the Journal and those on the Dr. side of the Leger, if they be the same we may conclude that nothing has been omitted in posting; do the same with the credits. (*For more particular directions and Illustration, see pages 60 and 61.*)

BALANCE.

After the trial balance, comes the Balance. All the accounts which are closed *By Balance* in the Leger show the balances in your favor such as Cash, Bills Receivable &c. Those closed *To Balance* show what you owe to others. Hence all the Cr. balances of the Leger are transferred to the Dr. side of this account, as per. reference H; I, J, L, and M; and all the Dr. balances to the Cr. side as per. reference N. Consequently the Dr. side of Balance shows what you have in cash, property, and debts due you. The Cr., what you owe to others. The difference is your nett capital at the balance of the books.

This account is closed *To* or *By Stock* for this difference. *To Stock* for what your debts exceed your property. *By Stock* for your nett capital and the difference transferred to the Stock account, as per. reference P. *Illustrated as follows.*

ON CLOSING THE BOOKS.

This subject no doubt will be better understood from the present Lecture than if more extensive, as the principle is the same in all cases.

\$8393 nett capital at the balance transfered to the Dr. side of Stock, as P.

\$7900 nett capital at the opening of the Books.

493 nett gain at the balance the same as the difference between the Dr. and Cr. sides of Profit and Loss which was transfered to the Cr. side of Stock, as R.

It may be asked why the Stock account balances. We will illustrate it.

1100 Dr side at beginning	9000 Cr. at opening of books
7900 nett capital at do	493 gain in business
493 gain in business	
<hr/> 9493	<hr/> 9493

The Cr. side 9000. includes my nett capital 7900 and the debts due by me \$1100 at the opening of the books, to this is added the gain \$493, consequently the three

amounts 7900 ; 1100 and 493 is precisely the same as the Dr. side. Now the balance 8393 includes the nett capital at the opening and the gain viz: $7900 + 493 = 8393$; hence the reason is obvious.

REMARKS ON LECTURE NO. 2.

This Lecture does not differ materially from the last, it is introduced to illustrate the manner of closing the merchandise account when there is a loss on the total sales of merchandise at the closing of the books ; to illustrate the manner of closing the books when there is a loss in business and also, to illustrate the manner of opening a new set of books from the balance account of the old. We before remarked that the Dr. side of the Balance account shows what you have in cash, property and debts due you; the Cr., what you owe to others, consequently entry A in Lecture No. 2 is the Dr. side of Balance account in Lecture No. 1 and entry B is the Cr. side of the same account, thus we open the new books from the balance account of the preceeding set in all cases.

The student will observe that we have met with many losses, viz: By failure, by the depreciation of Real Estate and by the fall of merchandise.

Entry G. The Journal expression shows that I have lost one half of the amount due me by C. Parker. Thus, Cash for the money received and Profit and Loss for the loss is Dr. to C. Parker. Or we may say that C. Parker is credited for the full amount of his debt.

MERCHANDISE.

The Balance of Merchandise is ascertained as per example under the head of merchandise (*Lecture 1*) to be 250 bbls. of flour this we value at the cost viz: 50 bbls. at \$5, and 200 at 4 making \$1050, hence we Cr. the account for this amount and find the Dr. side to exceed the Cr. by \$175 which is the loss sustained by the fall in the price of this article. Therefore we credit the account by Profit and

Loss for this loss, consequently, we have both the Balance and Profit and Loss credited. Let the student compare this account with the same in lecture No. 1.

PROFIT AND LOSS.

According to the remarks under this head, in lecture No. 1, we find that we have sustained a large loss without any gain, consequently we credited the account by Stock for this loss, and transferred the amount to the Dr. side of Stock account as per directions there given.

STOCK ACCOUNT.

The different between the Dr. and Cr. sides of Profit and Loss, and the difference between the Dr. and Cr. sides of Balance, are both transferred to the Dr. side of this account according to directions in Stock account, lecture No. 1. Let us examine the closing of this account and see if our directions are rationally correct.

Nett Capital at the closing	Nett Capital at opening was
of the books, \$6996,50	\$8993 less 600, \$8393
Loss in business, 1396,50	to which add sum
Equal to nett capital at beginning, 8393,00	of my debts at opening,
Debts due by me at opening of books, 600,00	600
	\$8993
\$8993,00	

By the above illustration we perceive that the Cr. side of Stock account includes my nett capital \$8393 and the amount of my debts \$600, equal to \$8993 the opening and closing of the books.

The Dr. side includes at the close my nett Capital \$6996,50, my loss 1396,50, the sum of which is equal to my nett Capital at the opening, now if to this we add my debts at the beginning, \$600 we have \$8993, equal to the Cr. side. Hence, the two sides must be equal from the very nature of the arrangement.

REMARKS ON LECTURE NO. 3

This Lecture is designed to illustrate the situation of the Merchants books when he is in debt, or when the Dr. side of Stock account exceeds the Cr. Also, to illustrate the nature of a compromise with his creditors when his situation will not allow him to pay to each creditor the full demand against him.

Entry F shows that I have compounded with my creditors at 50 cents on the dollar, that is, they agree to receipt me in full by paying them one half of the amount due them.

The Journal expression of this entry is *Wm. Shaw, Dr. To Sundries*. The Cr. side shows that I have delivered him Merchandise amounting to \$1200, and cash \$50, which is one half of his debt. *Profit and Loss* shows that I am the gainer, and he the loser of \$1250 by the transaction.

Entry G. The expression "Paid to *Wm. Shaw and others, &c.*" is abridged, in order to keep the Lecture within the compass of the two pages. But in actual business the payment to each individual should be entered separately in the Waste.

The Journal expression of *Entry G*, shows that the amount of my notes and other obligations have been canceled at one half of their original value and returned to me. The Cr. side, *Cash* \$2000, *Store in Broad St.* \$4382, is the one half and *Profit and Loss* \$6382, for my gain is the other one half of the whole amount of my obligations.

LEGER.

CASH ACCOUNT. This account is closed By Balance, \$350 which shows that I possessed this amount after settling with my creditors.

MERCHANDISE.

This account does not differ from Lecture No. 1 and 2, except that all the Merchandise was sold, therefore we have nothing on hand to credit under the head of *Balance*; hence, the account is simply debited *To Profit and Loss*, for the difference between the two sides, showing a gain of \$400.

PROFIT AND LOSS.

This account shows a large gain without any loss it is closed "*To Stock for nett gain*" and this item is posted to the Cr. side of *Stock account* for \$8596 which according to Balance account gives me a nett capital of \$1550.

BALANCE ACCOUNT.

It will be perceived that we have two Dr. charges in this account, viz :—Cash 350, Cha's Shaw 1200, making \$1550. The amount due from Shaw is for 200 barrels Flour sold him.

The account is closed "*By Stock for nett capital*" which shows that I not only begin the world clear of debt, but with an actual capital of \$1550, which is transfered to the Dr. side of *Stock account*.

Here let me impress on the mind of the learner the importance of his acquiring a thorough knowledge of the three preceding Lectures, as they not only develope and illustrate the Journal principles generally, but, they exhibit the manner and principle of opening and closing a set of books under all circumstances equally well as if they contained a large number of pages each. Admitting he has a thorough knowledge of these Lectures, he may consider himself prepared in a great degree for managing a set of books which embrace what we may term home business. He will find some repetitions in course of the authors remarks which are designedly made.

LECTURE NO. 4.

SPECULATING IN COMPANY.

This is not a joint partnership where the signature of the one partner binds the other and where each is held accountable for the business transactions of the other, but, simply an especial agreement between two or more persons to speculate in company on a particular adventure, risk or hazard, the agreement binding the parties no longer than such adventure, &c., is brought to a close.

The business transactions in the above case are **general**ly left to one of the concern, who manages the **affairs** for the best interest of all, for which he is allowed a certain per centage for his trouble.

All speculations in company, and every other account where other persons are concerned, such as consignments, &c., must be closed by an entry in the Waste. This no doubt will be found the most difficult part of Book Keeping to the beginner, more particularly Shipments in company, as they are liable to a great variety of cases. As these are of constant occurrence, the author by way of illustration has given a great variety of examples, which he believes will answer every possible case. He will show in the following lectures that there are principles for closing and journalizing such transactions which are not *general* but *particular*. He will also point out such principles as are general, which can be relied on as such. *The learner should adhere to the general principle by all means*, for should he adopt one plan at one time, and another at another he will be very likely to commit errors and cause himself much trouble. Speculations in company are generally distinguished by the one who holds and sells the property under the head of Merchandise in company, while the other person or persons concerned, distinguish such transactions under the head of Adventure in company.

When two only are concerned, it follows of course, that the one who has the management of the affairs, must debit himself for his own half first cost, but he must credit the whole sales. Thus, suppose R. Upton and myself agree to speculate in company, the affairs to be conducted by me. Now let us suppose the first transaction is the purchase of 200 barrels of Flour as in *Entry A*. If I should ask you who were the debtors in this case, you no doubt would answer F. G. Clarke for one half, and R. Upton for the other. Now in order to distinguish this transaction from the like on my own private account, I journalize it thus,

Merchandise Co. A.	}	Dr. to Charles Chase.
R. Upton,		

Thus, you see it is necessary for me to distinguish such

transactions under the head of Merchandise in company, for, should I make use of this expression

Merchandise, }
R. Upton. } Dr. to Charles Chase.

this would not only find its way into my own private account of Merchandise on the Dr. side, showing that I had purchased on my own account when I had not, but it would not open an account under the head of Merchandise in Co. which is absolutely necessary. Hence, the necessity of a proper distinction in such concerns.

RULE.

Debit your own half first Cost.

Credit the whole Sales.

Entry A. The Journal expression, *Sundries Dr. to C. Chase*, shows that I am debited under the head of *Merchandise Co. A* for my half, and R. Upton also for his one half, and that Chase is credited for what we owe him.

Entry B. The Journal expression shows that I have sold a quantity of Merchandise on account of Co. A, for some ones note.

Entry E. The Journal expression *Merchandise Dr. to Merchandise Co. A*, shows that I have bought a quantity of Merchandise of Co. A; debited myself under the head of *Merchandise* and credited Co. A for the whole sales.

Entries D and F. It will be necessary for us to examine these entries in connection. By looking at the Cr. side of the Journal we find that *Merchandise Co. A* is credited for 560, 375 and 490 dollars. Making \$1425 the gross sales of 200 bbls of Flour as per. Waste Book entries B, C and E, being the total sales.

RULE FOR CLOSING.

From the gross amount of Sales deduct all charges, for instance; *Commission, Storage, Advertising, Wharfage, &c.*, the remainder will be the nett amount of sales; half of this nett amount will be your partners half nett pro-

ceeds, take the difference between the half nett proceeds and your half first cost, and the remainder will be your nett gain or loss, thus :—

The gross sales is	\$1425.00
My Com. at $2\frac{1}{2}$ per cent. is	\$35.62
Storage due Wm. Small, 8.00	
} Total expense, 43.62	

Nett Sales,	<u>\$1381.38</u>
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Half Nett Sales,	\$690.69
My half first cost.	<u>600.00</u>

My nett gain,	<u>\$90.69</u>
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Hence *Merchandise Co. A* must be debited, that is, I am made Dr. under the head of *Merchandise Co. A*. [Entry No. 2.]

To R. Upton,	\$690.69
“ Wm. Small for Storage,	8.00
“ Self for Commissions,	35.62
“ Self for nett gain,	<u>90.69</u>

\$825.00

Or we may say that R. Upton and Wm. Small are credited for the amount due them. I am credited for my commissions and nett gain. Hence, you infer that I have gained \$90.69 on this speculation. But our *Profit and Loss account* in the Leger shows a Loss of \$3.06, as the Dr. side which shows the loss is the greatest by this sum.

Now, if we examine entry D, we find that I am charged in the Journal to *Profit and Loss* for \$93.75, and in Entry F we find that I am credited in the Journal By *Profit and Loss* for \$90.69 the difference is \$3.06, as shown in *Profit and Loss account* in the Leger.

To one unacquainted with the Journal principles it may be asked, why the loss arising from the failure of Carr, (Entry D) could not have remained unsettled until the account was closed in the Waste. From the principle before laid down, it was necessary that my loss should appear in the books, and as Upton sustained the same loss, it was necessary for me to charge him to it. Hence, in all similar ca-

ses the student will know how to manage such losses, viz: By debiting himself for one half of the loss and his partner for the other half. The whole expression is "*Cash for the money received, Profit and Loss, for my half loss, and R. Upton for his half loss,*" Dr. to John Carr, that is Carr is credited in full by Sundries.

Here it may be asked by the inquisitive student how the account of *Merchandise Co. A* can balance in the Leger when you debit but half the first cost and credit the whole sales. No doubt you will say, should the Merchandise have been sold for its first cost only, the Cr. side would be double that of the Dr.

If you will examine entry F, you will find that the Dr. side of Merchandise Co. A is \$825 in the Journal, now this includes according to the Cr. side, *Uptons half first cost and his profit, my commission and my profit*, this amount is transfered (as per. No. 2) to the same account in the Leger which includes the half first cost together with the whole profit arising on the total sales. Now entry No. 1 is my half first cost, hence the Dr. side of this account in the Leger, No. 1 and 2 includes the whole cost, together with the total gross profit. The Cr. side No. 3, 4 and 5 shows the total gross sales, hence the account must balance, the reason is obvious.

PROOF OF THE CORRECTNESS OF THE SETTLEMENT.

I would recommend to the student to examine this carefully, as in 99 cases out of one hundred it would prove the settlement to be correct.

In entry D my loss was \$93,75. In entry F my gain was \$90.69, hence my absolute loss is \$3,06, now if we can actually prove that my loss by the settlement, is the same as my partners, *nothing more or less*, we may be pretty certain that we are right. Examine Uptons accounts in the Leger and you will find that he is Cr. By Balance for \$3,06, that is he owes me this amount, which is his loss, consequently his loss is the same as mine, his being shown in the Leger, mine in the Journal.

This Lecture does not embrace an entire set of books but simply a company concern, consequently we cannot close as in the preceding Lecture.

REMARKS ON LECTURE NO. 5.

SHIPMENT NO. 1, COMPANY G.

Entry A. The Journal expression shows that I have bought for the Company a quantity of Merchandise, and passed my note for it. *Wm. Poole* is charged to one half the amount and *myself or Merchandise Co. G* for the other one half.

Entry B. The Journal expression "*Shipment to Pernambuco, Co. G Dr. to Sundries,*" shows that I am both debited and credited for equal amounts, that is, I am debited for the amount of the Cr. side, or that I am credited for my one half of the Merchandise, for the shipping expenses paid by me in Cash, and for my note passed the Insurance Company for premium.

Entry C. Shows that I have received an account of sales from John Foster my consignee. I therefore charge him to the nett sales. The Journal expression shows that Foster owes me or the *Company* for the total nett sales.

Entry D, exhibits the closing of the adventure or shipment. This is done in the same manner and by the same rule as *Merchandise Co. A.* page 17.

Thus:—

Total nett sales at Pernambuco,	\$9000.00
Charges outward, viz. cash and bills payable, \$200	} 425.00
My commission 2 $\frac{1}{2}$ per cent on 9000 is 225	
Nett proceeds deducting all charges,	<u>\$8575.00</u>
Poole's half nett proceeds,	\$4287.50
My half first cost,	<u>3750.00</u>
My nett gain,	<u>\$537.50</u>

Now our Journal expression shows that Poole is credited for his one half of the nett proceeds in the hands of Foster, that is, the nett amount due him is \$4287.50. I am credited for my commission and nett gain, *under the head of Commissions and Profit and Loss.*

It may be asked why I am not credited for my one half also ; the answer is, that I am credited in Entry C *for the whole* amount in the hands of Foster, viz. \$9000.

The part of which in Entry D, 5050 goes to pay Poole, and self for commissions and my nett gain. The remaining part viz. 9000 less 5050 = 3950 is my half first cost, including outward expenses as in *Entry B*, hence you will perceive that I obtain my credit in Entry C for my half first cost and expenses outward.

Now as we have credited Pool, let the student ask himself what will be the final result should Foster remit the nett proceeds, now in his hands, in merchandise, and said merchandise should not be worth so much here as in Pernambuco, and what will be his proper Journal entries. *Farther on the student will find a Lecture particularly adapted to this case.* Let him come to some conclusion before he examines it and then compare.

As so much has been said on posting, it will be hardly necessary for me to say any thing more on the subject, as all transfers from the Journal to the Leger are numbered, and cannot be mistaken.

If the student will examine *Entry D* he will find that I am credited in the Journal "*By Profit and Loss*" for \$537.50. Now if he examines Poole's account in the Leger, he will find that he is charged "*To Balance*" for the same amount, that is, I owe him a balance equal to my profit, hence each of us gains the same amount. *See remarks under "Proof of the correctness of the settlement, page 19."*

REMARKS ON LECTURE NO. 6.

SHIPMENT NO. 2., CO. A.

It will be well for the student to examine the principle on which we have Journalized entry B, bearing in mind the

This Lecture does not embrace an entire set of books but simply a company concern, consequently we cannot close as in the preceding Lecture.

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Entry B. The Journal expression "*Shipment to Pernambuco, Co. G Dr. to Sundries,*" shows that I am both debited and credited for equal amounts, that is, I am debited for the amount of the Cr. side, or that I am credited for my one half of the Merchandise, for the shipping expenses paid by me in Cash, and for my note passed the Insurance Company for premium.

Entry C. Shows that I have received an account of sales from John Foster my consignee. I therefore charge him to the nett sales. The Journal expression shows that Foster owes me or the *Company* for the total nett sales.

Entry D, exhibits the closing of the adventure or shipment. This is done in the same manner and by the same rule as *Merchandise Co. A.* page 17.

Thus :—

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Charges outward, viz. cash and bills payable, \$200	} 425.00
My commission 2 $\frac{1}{2}$ per cent on 9000 is 225	
Nett proceeds deducting all charges,	\$8575.00
Poole's half nett proceeds,	\$4287.50
My half first cost,	3750.00
My nett gain,	\$537.50

Now our Journal expression shows that Poole is credited for his one half of the nett proceeds in the hands of Foster, that is, the nett amount due him is \$4287.50. I am credited for my commission and nett gain, *under the head of Commissions and Profit and Loss.*

It may be asked why I am not credited for my one half also ; the answer is, that I am credited in Entry C *for the whole* amount in the hands of Foster, viz. \$9000.

The part of which in Entry D, 5050 goes to pay Poole, and self for commissions and my nett gain. The remaining part viz. 9000 less 5050 = 3950 is my half first cost, including outward expenses as in *Entry B*, hence you will perceive that I obtain my credit in Entry C for my half first cost and expenses outward.

Now as we have credited Pool, let the student ask himself what will be the final result should Foster remit the nett proceeds, now in his hands, in merchandise, and said merchandise should not be worth so much here as in Pernambuco, and what will be his proper Journal entries. *Farther on the student will find a Lecture particularly adapted to this case.* Let him come to some conclusion before he examines it and then compare.

As so much has been said on posting, it will be hardly necessary for me to say any thing more on the subject, as all transfers from the Journal to the Leger are numbered, and cannot be mistaken.

If the student will examine *Entry D* he will find that I am credited in the Journal "*By Profit and Loss*" for \$537.50. Now if he examines Poole's account in the Leger, he will find that he is charged "*To Balance*" for the same amount, that is, I owe him a balance equal to my profit, hence each of us gains the same amount. *See remarks under "Proof of the correctness of the settlement, page 19."*

REMARKS ON LECTURE NO. 6.

SHIPMENT NO. 2., CO. A.

It will be well for the student to examine the principle on which we have Journalized entry B, bearing in mind the

remarks we have before made on posting under the head of *Merchandise* viz. that "the *Dr. side* of this account *shows the cost and charges, &c.*

In entry B we find the first cost or Invoice price of the goods at Liverpool to be \$1000 the after charges, viz : Bonds and Freight, make the total cost \$1800, of which amount I am debited as per. No. 7, for one half, Upton as per No. 5 for his one half.

Hence the Journal expression of this entry, is

Merchandise Co. A for my half of the first cost and charges.

R. Upton for his " " " "
Cash for the money received.

DR.

To shipment to Liverpool Co. A for nett sales.

" Bills Payable for Duties.

" Cash for Freight.

Thus far we agree in every particular with the principles before laid down.

Entry C is thus closed.

Total nett sales at Liverpool,	\$2250.00
My commission at $2\frac{1}{2}$ per cent is	56.25
	<hr/>
Nett proceeds,	\$2193.75
Uptons half nett proceeds,	1096.87½
My half first cost,	1250.00
	<hr/>
My loss,	\$153.12½

To the commissions add Uptons half nett proceeds from this sum subtract your loss as per entry C.

Now it is necessary that my loss should appear in the settlement, hence I debit myself under the head of *Profit and Loss* for the Loss 153.12½, and *To shipment to Liverpool Co. A* for its balance \$1000. This principle however I will not recommend, as it will not answer in all cases, hence it is not general, we shall discuss this subject in Lecture No. 7,

Entry D.

It may be asked why Upton was not debited to his half of the goods when they were delivered to him. If you will examine entry B you will find that he was there debited for them, consequently should he be charged on delivery he would be charged twice to the same articles.

To prove that the Settlement is correct.

The Journal expression of entry C shows that I have lost \$153.12½. Now let us examine Uptons account in the Leger, and see if he has lost the same amount. You will observe that he is Cr. By Balance for \$1053.12½, that is he owes me this sum, this you say is by far greater than my loss. The question then arises, should it not be so.— By examining the Journal expression of *Entry A* you will find that I furnished the whole adventure from my store; consequently if I deliver to Upton his half of the Merchandise now in my hands, belonging to the company, he will owe me for its value \$900 together with the loss arising on the adventure \$153.12½, making \$1053.12½, which again proves our remarks on the settlement in page 19 to be correct.

Let the student vary this Lecture by omitting *Entry D*, and he will find that Upton in his account in the Leger must be Cr. for his half of the Merchandise on hand valued at \$900, also *Merchandise Co. A*, or I must be Cr. for my half thus, *By Balance* \$900.

REMARKS ON LECTURE NO. 7.

This Lecture is important inasmuch as it will lead us to the investigation of the principles of closing *all shipments in company*. In course of this investigation we shall be enabled to establish a general principle which will answer every possible case.

The nett proceeds in Charleston in entries E and H are supposed to be the same. But in entry B it is supposed to be much less, which makes the loss in entry C much great-

er than in entry F or I, this is done in order to establish the general principle above referred to.

Entry A. The Journal expressions of this entry No. 1 and 12 debit me for my half first cost of the shipment, and Upton for his half. I am Cr. under the head of *Bills Receivable* and Cash for the cost of the Merchandise and Shipping expenses.

Entry B. For the Journal expression of entry B, see remarks on *Lecture 5*, entry C.

Entry C first method of closing.

Total sales in Charleston,	\$900.00
My commissions at $2\frac{1}{2}$ per cent, is	22.50
	<hr/>
Nett proceeds,	\$877.50
Half nett proceeds,	438.75
My half first cost,	2110.00
Loss,	\$1671.25
The sum of my Commission and Uptons half nett proceeds is	\$461.25
To which add my loss,	1671.25
	<hr/>
The sum is,	2132.50
for which I must be debited.	

Entry F, second method.

This entry is closed on the same principle as entry C, and exhibits but a small loss thus :—

Total nett sales in Charleston,	\$3900.00
My commission $2\frac{1}{2}$ per cent, is	97.50
	<hr/>
Nett proceeds	3802.50
Uptons half nett proceeds,	1901.25
My half first cost,	2110.00
	<hr/>
My loss,	\$208.75
The sum of my commission and Uptons half nett proceeds, is	\$1998.75
Add my loss,	208.75
	<hr/>
for which amount I am debited,	\$2207.50

Entry I. This entry or Shipment is closed on the same principle as that of Lecture No. 6, thus

Total nett sales in		Sum of my commission and	
Charleston,	3900.00	Uptons half nett proceeds	
My commission, 2½	97.50		1998.75
	<u>3802.50</u>		
Uptons half nett			
proceeds,	1901.25		
My half first cost,	<u>2110.00</u>	Loss,	<u>208.75</u>
Balance or difference between the sum of the Cr.			
side and my loss			1790.00

If we compare entry C or the *first method* of closing, with entry I or the *third method*, we shall at once perceive that *entry C* cannot be closed on the same principle as *entry I*. But *entry I* can be closed on the same principle as *entry C*, as we have done it in *entry F*, therefore *entry I* is not general, that is, it does not answer in all cases; for when the sum of the commissions and the half nett proceeds do not exceed the half loss it cannot be closed as in entry I. To be convinced of this the student has nothing more to do than to compare the two methods of closing. I would advise him therefore, to practice the first method, as it is general and he will not be obliged to charge his mind with two systems.

Also, the first method of closing or *entry C* is to be preferred because the Journal entries agree perfectly with the general Laws for Journalizing. Thus, the Journal expression for *entry C* is *Shipment to Charleston Co. A*, and *Profit and Loss* Dr. to my commissions, to R. Upton for his half nett proceeds, and to *Shipment to Charleston Co. A*.

It may be asked why I credit *Shipment to Charleston, Co. A*, for an amount equal to the loss. Because, had the whole been lost, I should have followed the Journal laws and debited myself for my half loss, thus:

Profit and Loss, 2110 | *Ship't to Charleston Co. A*, 2110

Hence, if this be a correct entry for a total loss, it certainly must be for a partial loss.

Let us now examine *Entry I*. The Journal expression No. 10, shows that I am debited for \$1790, the question is for what? To Commission and R. Upton? No;—But, for the difference between the amount of the credit side and my loss, making a balance equal to the above amount.

It is true that my loss appears as in entry F, but this method does not carry that weight of evidence with it according to the Journal principles as the first. I should therefore adopt the first plan in all cases.

It has been my object in this Lecture to illustrate the manner of closing a Shipment in Co. where the greater part of the adventure may be lost. But two accounts have been posted to the Leger in each method, these are *Shipment to Charleston Co. A*, and *R. Upton*.

Let the student now compare the entries of *Leger 2d method*, with those of *Leger 3d method*.

In varying entry B, as in entry E, my object was to prove that the same principle of closing answers in all cases whether the loss be greater or less.

REMARKS ON LECTURE NO. 8.

The object of this Lecture is to compare the Journal entries of the Shipment, arranged under two distinct heads, showing the effect in case of a total loss on the final entry.

To illustrate this, it will require the posting of two accounts only.

First method, Entry B.

In Journalizing this entry the student will observe that I have debited myself under the head of *Shipment to Bahai Co. A* for \$2727.50, which includes *my half first cost*, *my commissions*, and the *shipping expenses*. Under this arrangement, Upton does not appear in the entry.

Now, if we examine entry C we shall find a total loss, and on the above principle of Journalizing it will be necessary for me to charge Upton with one half of the expenses out-

ward, and myself under the head of Profit and Loss for \$2613.75 being my half first cost, including half the expenses.

Second method, Entry E.

The student will find in this entry that I am debited for my half first cost and charges, and Upton for his. Also, that I am Cr. for my half of the Merchandise \$2500; for my commissions \$127.50, and for the expenses paid by me in Cash \$100.

Upton is also Cr. for his half of the Merchandise in company. Hence the Dr. side shows each partners half first cost including one half the expenses, &c.

In referring to entry F, the student will find that he has nothing more to do than to debit himself *To Profit and Loss* for his one half loss \$2613.75, being the amount of half the first cost of the Shipment as per entry E.

Hence we may infer that the Journal expression of entry E has many advantages over that of entry B and first.

If we follow the principles of entry B, when we are informed of the loss, we shall be obliged to refer to the commission sales or Waste Book, in order to ascertain the charges on the Shipment outward, half of which we must charge our partner, we must then add half the expenses to the half first cost of the Merchandise, or we may deduct half the expenses from the amount of the Dr. side, viz: \$2727.50 less \$113.75 = \$2613.75, for which I must be debited as in *Entry C*. Now a reference to the Leger for Uptons or my half first cost on receipt of the loss is of no use, for Entry No. 1 in the Leger shows a charge against Upton for \$2500, and Entry No. 3 a charge against me for \$2727.50, neither of which is half the first cost. 2d—There is not only a possibility but a probability that the Book-Keeper may neglect to charge the half expenses, or over charge the partner, in referring to either of the accounts in the Leger for the half cost. To say the least we are very liable to mistakes by following the first method.

The student has only to examine entries E and F to be convinced that none of these uncertainties exist on the second method of Journalizing; for both No. 6 and 8 show

precisely each partners half first cost of the Shipment.— Hence I would recommend the student to adopt the following Rule for all Shipments in company. Credit yourself for your part of the Merchandise Shipped, also, for all your liabilities, such as the Insurance note for instance, your commission, &c. Credit your partner for his part of the Merchandise and all expenses he may have paid on the Shipment, (*if it should so have happened*) &c., then charge each partner to one half of the amount of the Cr. side, and the Leger will exhibit the precise situation of each partner as regards the Shipment.

REMARKS ON LECTURE NO. 9.

Total Loss, but Insured.

This Lecture is designed to illustrate the method of Journalizing when the property is Insured, and is eventually lost. Also to show how to correct an error in Journalizing without erasing or otherwise defacing the Journal. Entry 15 is *erroneous*. *It is corrected in Entries 16 and 17.*

ENTRY B. This entry is Journalized according to the Rule established in Lecture No. 7. }

ENTRY C. On being advised of the Loss the Insurance Company must be debited for the amount insured, and each partner credited for one half of this amount.

ENTRY D. In this entry we suppose the loss to have taken place before the Insurance note become due. Hence my note for the premium is supposed to have been returned, and the *balance* of the amount Insured paid in Cash. Consequently we Cr. the office by sundries, viz :—

By Bills Payable,	\$150 }
Cash,	7550 }

ENTRY E is the correction of a mistake in Entry A, No. 15.

Had it not been for this mistake in crediting *Chase* instead of *Bills Payable* we should not have had an account opened with *Chase* in the Leger. This error makes me a debtor of *Chase's* in addition to the note of mine now in his hands for \$7500, and consequently leaves out an entry in the *Bills Payable* account, which should be posted to that account for the same sum. The question then arises, what additional entry can we make in the Waste that shall correct the error in both accounts. The answer is, such an entry as will debit *Chase* to the amount of the error, and credit *Bills Payable* for the same amount. This is found in Entry E.

In examining the Leger we find that Merchandise Co. A is debited to Charles Chase instead of *Bills Payable*, this is not of the least consequence, as the error is only in the name, the amount being correct and carried to its proper place. I will again remark, that, *the object* in these adventures is simply to prepare the student for Journalizing every possible case; hence, we do not close the accounts in the Leger, as we have before given rules for so doing illustrated by several examples. You will observe that the first five accounts in the Leger close themselves, the last two remain unclosed.

REMARKS ON LECTURE NO. 10.

Partial Loss, Insured.

My object in this Lecture is to illustrate more particularly the nature of compound entries. Also to apprise the young student that when a loss arises, if the total amount of the Shipment is not covered, whether it be the expenses, commission, or any other charge, that each partner must be debited for his one half of the loss, as in this case they are considered their own underwriters.

In entry C it is supposed that I have made an arrangement with the *Insurance Company*, and therefore look to

Fabens for the amount now in his hands, hence, I charge the office for the balance of the amount insured.

Entry A. This entry might have been arranged under two distinct heads, that is, we could have considered the purchase as one transaction and the Shipment another, and Journalized as follows. 1st for the purchase,

Merchandise Co. A,	4000	Bills Payable,	2360
R. Upton,	4000	House in Beacon St.,	4250
		Cash,	1390

That is, I first debit each partner for the cost of the Merchandise, and credit myself for my note, for the sales of my house, and for cash paid out. The Shipment would have been Journalized thus—

Ship't to Cayenne Co.A,	\$5358.18	Merch'dCo.A	4000
R. Upton,	5358.19	Cash,	200
		Brig William,	2000
		Bills Payable,	255
		Commission,	261.37
		R. Upton,	4000.00

If the learner will now compare the two methods, he will find that it will result as entry A. I should prefer however making two distinct entries as above.

Entry C. A reference to entry A will show that the note passed to the office, and my commissions were not Insured, making an amount of \$516.37, this of course was lost, consequently my partner is a loser of one half, myself a loser of the other one half. Hence, I am debited as per reference L for one half and Upton in No. 5 for the other. The vessel also was uninsured which I value at \$3000, consequently it makes my loss as per entries 11 and L, \$3258.18.

LEGER.

Brig William's account.

This account is closed *To Profit and Loss*, and of course shows a gain of \$2000. The student no doubt will be surprised at this as she was a total loss being uninsured. He must not stop here however in his investigation, but should examine the *Profit and Loss*, account in connec-

tion. He will observe in number 11 and L Journal there are two charges to *Profit and Loss*, one for the value of the William, the other for my half loss of the commissions and premium for insurance, contrary to our usual plan of entering *both losses under one head*. This I have done in order to explain the apparant absurdity in the William's account. In *Entry 11 Journal* he will find that I am charged to *Profit and Loss* \$3000, for her loss, which is transfered to the Dr. side of *Profit and Loss* account as per No. 11. The Brig William's account is closed to *Profit and Loss* \$2000, in the *Leger*, this is transfered to the Cr. side of *Profit and Loss* account as per reference N. Now the difference between the two sides is \$1000 which is the actual loss sustained as she is credited for a freight of \$2000. Entry H *Leger* supposes that the William cost me \$3000, I therefore charge her to the cost, simply to illustrate the principle of this transaction. Hence you will observe the actual loss in this case is shown in the *Profit and Loss* rather than in the *William's account*, which is a strong argument in favor of my assertion, that "the subject should be treated as a science rather than an art."

The student may now examine the *Leger* and satisfy himself whether the accounts in this *book* are correct, such accounts as have been posted are numbered or post marked.

I will further remark that it is usual in losses of the kind for the owners of the property to abandon to the *underwriters*, that is, for them to relinquish all right or title to the property saved, leaving them to make the most of it. The affair may then be adjusted between the parties as they may agree. Now in entry C, let us suppose we had abandoned to the underwriters, leaving the amount saved in the hands of Fabens, at their disposal. The office would then have been charged for the whole amount insured, viz:—\$10200, being equal to the sum of entries No. 8 and 6.

REMARKS ON LECTURE NO. 11.

This Shipment is supposed to be made from Boston.

Let me direct the attention of the student particularly to

this Lecture, as it illustrates the Journal entries when several Shipments have been made by the *consignee* in pursuance of the orders of the *Consignor or Shipper*.

Entry A. Each partner is debited for one half the cost of the adventure and charges. I am credited for 500 barrels of Flour, furnished from my store, Cash for the shipping expenses, and for my note passed for Insurance.

Entry B. This entry shows that my *Consignees*, or Mudge & Clarke, have been directed to employ the vessel and funds of the concern in Shipping to South Carolina on *account of Co. A*. Hence the Journal expression is as in No. 4 and 7, each partner being charged to one half of the Shipment from Portland and *Mudge & Clarke* credited as per No. 12. *It is to be inferred that Mudge & Clarke know nothing of my connection with Upton.*

Entry C. This entry shows that *Mudge & Clarke* have received returns for the sales of the goods shipped to South Carolina on *account of Co. A*, and have sold them at a profit.

Hence, I charge Mudge & Clarke for the nett sales \$2750 as per No. 11. Cr. myself as per No. 5, for my half first cost, also by *Profit and Loss*, as per No. 15, for my nett gain \$300, and *Upton* for his half nett proceeds \$1375 as per No. 9.

I might have credited myself under the head of No. 5 for *my half nett proceeds*, but in this case the account in the Leger (*Shipment from Portland to Charleston Co. A*) must have been closed *To Profit and Loss* \$300, which would not agree so well with the rules before laid down "*that all such accounts must be closed by an entry in the Waste.*" Either plan however may be adopted as it is not important; for my own part I do not like to see a company account in the Leger closed either "*To or By Profit and Loss,*" if it can be avoided.

Entry D. By this entry it appears that I have received of *my Consignees* an account of sales and nett proceeds of the 500 barrels of Flour shipped to them as per Entry A.

Also, their draft on *N. L. Dana* for \$600, being the balance due us. Hence, I have debited myself as per No.

14 for one half of the invoice, *R. Upton for his half* as per No. 8, and *Bills Receivable* for the draft, (No. 15) and credited myself as per No. 3, for the whole amount of the Invoice from Portland, and *Mudge & Clarks* for the draft on *N. L. Dana* as per No. 13. *The learner will profit by examining carefully the remarks in Entry D, Lecture No. 5.*

Entry E. For the closing, see remarks on Entry D, *Lecture No. 5.*

LEGER.

Shipment to Portland, Co. A.

Balances. Examine remarks, page 19, for reasons.

Shipment from Portland to Charleston, Co. A.

Balances. Examine entries B and C for reason.

R. Upton.

Examine Nos. 6, 7 and 8 for charges against him, Nos. 9 and 10 for his credits. We suppose the Merchandise received from *Mudge & Clarke* to remain unsold, therefore in closing Uptons account we credit him for it at the Invoice price.

Mudge & Clarke.

Balances. Examine Nos. 11, 12 and 13 and the corresponding Waste Book entries for reasons.

Merchandise Co. A.

Examine No. 14 and corresponding Waste Book entry. This account is credited *By Balance* for my half of the Merchandise on hand at *Invoice price*. In closing this account in the Leger, it should always be done provided the Merchandise is not all sold. *See remarks on Lecture No. 6, last paragraph.*

Profit and Loss.

There are no Dr. charges, hence there are no losses, the amount of the credit side exhibits my nett gain \$462.50. Upton in his account is debited "To Balance" for the same

amount, that is I owe him \$462.50 being his *nett profit*. See remarks on Lecture 5, last paragraph.

REMARKS ON LECTURE NO. 12.

Shipment No. 8.

We now have arrived at the Lecture mentioned in No. 5. The Shipment is closed before the nett proceeds are received, in fact so far, it is the same lecture, we will illustrate the Journal entries when the nett proceeds are received and the goods finally disposed of by the additional entries of E, F and G.

For remarks on entries A, B, C and D, see Lecture No. 5.

Entry E shows that I have received from my Consignee the total nett amount of sales of the adventure outward in Merchandise, which I have bonded at the Custom House for duties, and paid the freight &c. in Cash.

Now as I debited Foster for the nett sales in No. 19 it follows that I must Cr. him for the goods in return, as in No. 20. (*for the Bills Payable, and Cash, see Lecture No. 6, Entry B.*)

By the inexperienced it may be asked why Wm. Poole and myself are debited each to one half of the credit side.

By refering to entry 15 it will be found that I am credited *By Foster* for the sales of the whole adventure, and in entry 11 Wm. Poole receives credit for his one half. Now it is through Foster that we each receive our credit in the above entries. As we have debited Foster and credited ourselves, in this case it is plain that when he sends us the returns that he must be credited for the amount sent, as regards the duties, freight, &c., each of course must be debited for one half of the amount. Hence this entry is rationally correct.

Entry F, shows that I have sold the whole Invoice much below the cost which was \$10400 as per entry E.

Entry G. This is closed according to the general principle laid down in Lecture No. 7, and exhibits a loss of

\$837.50. In No. 5 I am credited for the whole sales but onvey to Poole his part in No. 12.

LEGER.

We will now examine the accounts in the Leger and ascertain whether they be correct.

Merchandise Co. G. By a reference from this account to the Journal, from thence to the Waste, it will be found correct. *For principles see Lecture No. 4.*

Wm. Poole. In this account Poole is credited By Balance \$300, that is, he owes me this amount, consequently he has lost this sum in course of the speculation. By referring to No. 16 you say my loss was \$837.50, hence you infer a much greater loss on my part than on his, and ask the reason; but let us look a little farther back and examine entry 17 and we shall find that I am credited for \$537.50 being my supposed gain on the sales at Pernambuco.

Now, \$837.50 less \$537.50 is \$300 which is my actual loss, and is the same as Pool's, hence you are satisfied that our losses are the same. This is one of the best proofs that the transactions throughout are correct. *See Lecture No. 4, page 19.*

There is another principle by which we may prove ourselves correct, and let me remind the student that *these investigations are by far the most important part of his Book-Keeping.*

In entry 11 Poole is credited for	\$4387.50
“ “ 12 “ “ “	4362.50

This difference would have been his loss provided there had been no other charges equal to	25.00
--	-------

Now Poole owes me for $\frac{1}{2}$ of entry 22	500.00
“ “ “ “ $\frac{1}{2}$ “ “ 23	200.00
“ “ “ “ $\frac{1}{2}$ “ “ 21	112.50
“ “ “ “ $\frac{1}{2}$ “ “ 18	25.00

In entry B, No. 8 he is charged to \$3850.00	} Pool's	837.50
entry D, No. 11 he is Cr. by 4387.50		gain. 537.50
Pool's actual loss as before		<u>\$300.00</u>

And in like manner may the student prove himself to be correct in all his accounts. If this plan of investigating be followed up it will give any one the most entire confidence in themselves.

Shipment to Pernambuco Co. G. This account affords us another good opportunity to illustrate the principle on which (*in the company concerns*) we debit our own half first cost and credit the whole sales.

No. 13 is my $\frac{1}{2}$ first cost of the Shipment, \$3850.00

" 14 includes Pool's half first cost, my commissions, and my profit 5150 00

This amount is equal to No. 15, \$9000.00
which embraces the first cost and nett profit on the sales at Pernambuco. See *Lecture No. 4, page 19.*

Profit and Loss. The Dr. side No. 16 of this account shows a loss of \$837.50. The Cr. side a gain of \$587.50 which includes \$50 for the use of my store, the difference is \$250 which shows an actual loss by \$50 less than Pool's. Now the rent of my store makes this difference in my favor.

The student may open the other accounts in this Lecture if he pleases as exercises in posting.

REMARKS ON LECTURE NO. 13.

Consignment No. 1.

In order to distinguish the sales of Bensons goods from those of our own and the charges thereon, we use the expression of "*Benson's Consignment*," some however distinguish under the head of *Consignment No. 1. Consignment No. 2, &c.* This last is a good plan where the Merchant's Leger is much exposed. Some people are not inclined to expose their business, wishing to keep it as much within themselves as possible. Now if this plan be adopted it is evident that the Consignor's name could not be ascertained without a reference to the Commission Sales, or Waste Book.

Again, in order to distinguish one persons goods of the same quality from another, it is customary to number or mark them in such a manner as to correspond with the Journal expression. Thus, suppose I receive a consignment of 500 barrels of Flour from Baltimore, this lot I would distinguish by marking every barrel thus, [1] and use the expression in Journalizing, *Consignment No. 1*. If another is received from New York, I would mark each barrel [2] and enter it *Consignment No. 2*, and so on. In such cases, however, it is to be presumed that the Consignee will adopt the plan that best suits him.

Entry No. 1 shows that Benson's consignment is charged to my note or bonds passed the Custom-House for duties and to Cash for the freight paid by me.

Entries 3 and 4 Credits Benson's Consignment for the total sales of the Wine.

Entry D. If the young student has had no practical experience in business he will expect me, no doubt, to explain the nature of this transaction. The expression "*accepted Wm. Bensons draft on me, &c.*," means that Benson of Oporto has requested me to pay Wm. Chase \$3218 in 20 days from the time I receive his order..

The word *accepted* means that I have bound myself to pay the above sum by writing the word Accepted, either on the back or face of the bill, and signing my name, recording the day of the month on which the acceptance was made. This process converts the draft into a bill payable, and as I have agreed to pay it for Wm. Benson, I charge him to it as in No. 5.

Hence lay it down as a general rule that when you accept a draft to pay for another person on time, (*that is, at any future day,*) charge him with the acceptance, that is to *Bills Payable*.

If the draft be drawn at sight, and you pay it, charge the person who draws it, *To Cash*. If you pay it by any other means, suppose by *Merchandise*, then charge him to *Merchandise*, in the same manner as if you had sold it to him; indeed, by whatever means you meet the draft, let it be so expressed in the Journal entry.

If you draw on any person to pay a sum of money for

you, credit him immediately for the amount of the draft, and debit the person in whose favor it is drawn, provided you receive no equivalent for it at the time, if so you should debit the thing received.

Entry G illustrates this. It means that I have forwarded Wm. Benson my *draft or order* on John Whatson, Have to pay Benson \$1229.43 which I owe him, hence I charge Benson as per No. 7, and credit Whatson as per No. 10.

Entry E shows that I have paid *Benson's draft* at the appointed time. Now the Journal expression No. 11 and 12 is precisely the same as when you pay one of your own notes. In No. 5 we charged Benson to the amount of his draft, hence you will perceive we cannot charge him again. Also, No. 5 shows your claim on Benson for the Cash paid out in No 12.

Entry F. By this entry we have the method of closing the Consignment illustrated ; and let me remind the student that it is necessary to close all Consignments *by an entry in the Waste.*

The expression "*Charges posted,*" supposes entry No. 1 to have been posted to the Leger at the time the goods were received.

The closing is precisely the same as the company accounts, only with this difference, the whole of the nett proceeds in the present case is taken to the Consignors credit.—Hence the following

RULE.

From the total gross sales deduct your commissions and all charges, such as *Storage, Advertising, Wharfage, Truckage, &c.* Also, interest on notes if you remit the nett proceeds before they become due. Thus,

My commission on \$5560 at 5 per cent is	\$278.00
Storage and advertising	20.00
Interest on Notes	14.57
Freight and duties	800.00
Total expenses,	1112.57
Gross sales as per Entries B and C,	5560.00
Nett proceeds, for which Cr. Benson.	\$4447.43

Entries F and G might have been arranged under one head, thus, "*Closed Benson's Consignment*," and transmitted him my draft on John Watson, Havre, for the balance &c. &c., but it would not have illustrated Nos. 6 and 7.

For *Entry G*, see *preceding remarks*.

This account closes in the Leger on the same principle as speculations in company.

OF THE DRAFT.

Drafts or Bills of Exchange are one and the same thing, a set usually consist of three but sometimes more, according as the the holder or purchaser finds necessary; that is according to the number of different channels through which he wishes to make his remittance. When one has been paid the others are null and void.

We will illustrate Benson's draft on me as per entry E, which would be thus expressed.

Exchange for \$3218.00.

Mr. F. G. Clarke,

Dr. Sir,

At twenty days sight of this my first of Exchange, (second and third of the same tenor and date not paid) pay to Charles Chase, or his order, three thousand, two hundred and eighteen dollars, with or without further advice from your

Hhb. Svt.

WM. BENSON.

Oporto, June 12, 1836.

Exchange for \$3218.00.

Mr. F. G. Clarke,

Dr. Sir,

At twenty days sight of this my second of Exchange, (first and third, (of the same tenor and date not paid,) pay to Charles Chase, or his order, three thousand, two hundred and eighteen dollars with or without further advice from your

Hhb. Svt.

WM. BENSON.

Oporto, June 12, 1836.

Exchange for \$3218.00.

Mr. F. G. Clarke,

Dr. Sir,

At twenty days sight of this my third of Exchange, first and second, (of the same tenor and date not paid,) pay to Charles Chase, or his order, three thousand, two hundred and eighteen dollars, with or without further advice from your

Hhb. Svt.

Oporto, June 12, 1836.

WM. BENSON.

As we are now acquainted with the form of the draft, let us notice one or two of its peculiarities. The expression "Pay to Charles Chase, *or his order*," is of great importance, for should the draft fall into the hands of any other person *illegally* it would be worthless without the endorsement of Chase because of the expression, "*or his order*."

Such orders or drafts when consisting of more than one are called sets of Exchange, which are bought and sold in the market daily, varying in price according to the demand for them.

For a very particular history of the Usances or Customs, Monies, Laws of Exchanges, &c., with all the world, the learner is referred to the Merchant's and Ship Master's Guide, published by *Allen & Co., Boston*.

COMMISSION SALES BOOK.

In this book you will perceive that we give a particular history of the transaction, and afterwards transfer the entry to the Waste as per entry A, in a general manner, referring to this book. Thus, *C. S. B., page 1, (Entry A)* means, refer to the Commission Sales Book for particulars.

Hence you will infer that all transactions on account of other persons, that is, all Sales, &c., made on their account are to be first entered in this book in a clear comprehensive manner, and afterwards transferred to the Waste in an abridged form, referring to this book for particulars.

In closing this account it will be perceived that *Wm. Benson* is charged to nett proceeds, that is, the account is

charged to the nett amount due Benson in the same manner as any other charge.

REMARKS ON LECTURE NO. 14.

The remarks on Lecture No. 4 apply equally to this, viz: that each partner must be debited for his part of the first cost, charges, &c.

Agreements of the kind are usually expressed in the Day Book as follows,

I have this day formed a connexion with John Whatson, Havre, and Wm. Ward, Liverpool, the object of which is to ship to each other, and sell for the concern, such wares, goods, &c., as may be deemed the most profitable, each partner to have 5 per cent commission on the gross sales, (*more or less*) and $2\frac{1}{2}$ on the purchases. The interest and risk of each in the concern to be equal. *See Entry A.*

Observe, that the Journal expressions, closing the Sales of the Merchandise, &c., is precisely the same as when two only are concerned, indeed, however large the company the principles are the same as those before laid down in Company A. We will remark however that when a Shipment is made by one partner ^{and} goes consigned to another, he sells the goods and closes the concern, holding himself accountable to each of the other partners for their part of the nett sales.

Heretofore in Company A, our Shipments were made to *individuals abroad* having no concern in the business; hence, it was necessary for the one conducting the affairs to close the concern himself. *Our present Lecture will illustrate the subject under consideration.*

Entry A. The Journal expressions 8, 6 and 4 of this entry debits each partner for his own one third of the *cost and charges* of the Shipment. (Observe, that *Shipment to Havre, Co. B* stands in the place of my name.)

I am credited as per No. 13 for 400 barrels of Flour, from

store ; by No. 14 for the two notes for which I am accountable. No. 15 by Cash for the shipping expenses, and No. 16 by my commissions.

Entry E shows that *Watson of Havre de Grace* (France) sold the Flour for \$7170, hence, as the amount remains in his hands I charge him to my one third, as per No. 12, he being accountable to *Ward* also for his one third of the nett proceeds. The learner will bear in mind that when a Shipment is made to one partner, the *Shipper* must forward an exact copy of the Invoice to the other partner by the very first conveyance. *This should never be neglected.*

Observe that all such connections in business are managed in the same manner, whether there be more or less concerned, if the parties reside in different parts of the world.

Entries B, C and D illustrate the course to be pursued by the partner who receives the goods. It is equally as good an illustration of the course pursued by *Watson* on receiving the thousand barrels of Flour *Shipped to him by me*, and his books would exhibit similar entries on *receiving, selling and closing* the sales of the Flour, as mine do on *receiving, selling and closing* the sales of the 30 pipes of Brandy.

Entry B. The Journal entry No. 1, shows that I am debited or accountable to *J. Watson* for my one third of the Invoice, to the *Custom House* for duties, and that I have paid the freight in Cash. Because the sum \$1987.60 includes the amount due *Watson* for which he is credited, the amount of the bonds for duties, and the Cash for the freight.

Entry C shows the total sales of the 30 pipes of Brandy.

Entry D shows the manner of closing the concern.—The process is precisely the same as in all the preceeding company accounts. The rules before given are general and apply in all cases, whether there be more or less concerned in the speculation ; the only difference is, that the nett proceeds are divided into as many parts as there are partners, that is into three parts.

We will, however, illustrate it.

Total Sales, per entry C,		\$5274.00
Duties, per entry B,	\$750	
Freight,	300	
Storage and delivering,	10	
Commissions,	263.70	
	<hr/>	
Total expenses,		1323.70
Nett proceeds,		3950.30
$\frac{1}{3}$ nett proceeds,		1316.76 $\frac{2}{3}$
My third first cost as per entry B,		937.60
		<hr/>
My Nett gain,		\$379.16 $\frac{2}{3}$

REMARKS ON LECTURE NO. 15.

The object of this Lecture is to illustrate the Waste and Journal entries of the silent partner, as he receives advices from the active partner of his daily transactions. Now, Shaw in the present instance is considered the active partner, because he makes the purchases and sales, while I am considered the silent partner, because in his transactions with others I am not known, he buying and selling for the concern as for himself.

The learner will bear in mind that in all concerns of the kind, ~~that~~ it is the duty of the active partner to advise all others who may be concerned with him, of every new transaction or engagement he may enter into with others, for the concern without delay, provided he is vested with power to purchase, &c., without consulting those who may be concerned with him. I will again observe, that it is customary for the silent partners to distinguish the concern under the head of *Adventure in Co.*

Entry A. The Journal expression No. 1 and 5 shows that I am debited under the head of Adventure Co. C for my half, and Charles Shaw for the other one half of 500

gallons of Wine, delivered Shaw, to sell on joint account. No. 10 shows that I am credited for the sales.

Entry B shows that *Shaw* has sold the goods and rendered me an account of the sales as per *illustration G*. Now as *Shaw* retains the nett amount in his hands, I charge him to it as per No. 6, and credit myself as per No. 3.

Entry C shows that *Shaw* has made a purchase of 500 barrels of Flour for the concern, amounting to \$3000, hence, I charge myself to one half of the purchase as per No. 2, and credit Shaw as per No. 8.

Entry D. The remarks on entry B apply to this entry.

Entry E shows that *Shaw* has balanced his account with me by giving me his draft on D. Winslow, which he has accepted or agreed to pay, hence I have credited *Shaw* for it as per No. 9.

Let us now examine *Shaw's* account in the Leger, and see if he owed me \$1350 as per entry E.

In the first place, *Shaw* owed me for one half of the Wine delivered him as per No. 1, \$500

In entry B he owed me for one half the sales of the 500 gallons of Wine delivered him as per No. 6. 650

In entry D he owed me for one half the nett sales of 500 barrels of Flour, 1700

Total amount due me, 2850

Again, I owe *Shaw* as per No. 8 for one half of 500 barrels bought by him, to be sold on joint account, 1500

Hence the balance due me, by Shaw, is 1350

The learner should accustom himself to examine accounts in the above manner as it will make him familiar with the principles of debit and credit, it is also a rational investigation ; free from rule and will soon accustom him to view the subject in its proper light.

REMARKS ON LECTURE NO. 16.

I have frequently found that learners are apt to be em-

barrassed in settling the company concerns, when part is shipped and part is sold.

The object of this Lecture therefore, is to illustrate the method to be pursued in such cases. It does not differ from any of the preceding company concerns. Therefore, I have only to remark, that the part shipped must be closed separately as in entry E, and the part sold closed as in entry F.

Let us examine *Wm. Pool's account* in the Leger, and endeavor to ascertain as per preceding directions, whether the balance due Poole is \$537.50. Now as *Poole* did not furnish anything it is plain there is nothing due him, except the profit arising on the *Shipment and on the Sales* of the 250 barrels, as per *Entry C*.

The Journal expression No. 14, shows my gain on the Shipment to be \$462.50, and No. 15 shows it to be \$75 on the part sold, hence, my gain is \$537.50 which is the same as the *Balance in Pool's account* consequently our gains are equal.

TO INSTRUCTORS.

This Lecture closes the series preparatory to the opening of the first set of books. The *Author confidently believes* that if they be thoroughly understood, all the difficulties in Book Keeping are surmounted. It will be observed that the exercises are progressive, embracing such transactions (*indeed, some of them the most difficult*) as must necessarily prepare the student for every case that can possibly arise in the course of *actual business*; indeed there are cases introduced and explained which have not *met the eye of the Author* in any other work.

The Lectures are prepared particularly for the *Black-board*; the first three illustrating the opening and closing of a set of books under various circumstances. The *Waste, Journal and Leger* are embraced at one opening and illustrate the principles better than if they contained many pa-

ges, as the transfer from the one to the other is *seen and understood* at a glance. In the course of my instruction I found it necessary to prepare a set of books for the use of my students, as copying from the works of others which were *Journalized and Posted* I found was little better than doing nothing, indeed I never found one to be acquainted with Book-Keeping, who had pursued this plan. My *first set* embraced nothing more than the common, plain every day transactions. The *second set* were made up from the balance sheet of the *first*, and in addition to the first, embraced Shipments on the Merchants own account, and consignments supposed to be received from abroad. The *third set* was made up from the *balance sheet* of the second, which embraced all the variety of business transactions including some of the most complicated company concerns.

These manuscripts were copied and the student left to Journalize, Post and make up the auxiliary books himself, a full set of books being in my possession as a reference for him when deemed prudent or necessary.

I was constantly in the habit of lecturing to my class at the Black board on one day of the week: generally *Wednesday, after School hours*, for about one hour exclusively in the company concerns; making use of the Lectures at the begining of this work. *This one hour* I found sufficient to prepare the student for my third set—indeed, I generally found him completely prepared by the time he had completed the first two sets. So effectual was this course that *a question on the third set* was of rather rare occurance, although they embraced the most complicated principles. The course (*above alluded to*) I have the satisfaction to say that I never knew to fail in perfecting the student. Indeed, so successful has it been that lads from *fifteen to sixteen* have been enabled to take the books of some of the most *extensive houses*, although they had no previous knowledge of business. In the course of instruction my grand object was to establish in the mind of the pupil a perfect knowledge of the principles of *debit and credit*. This I deemed of the utmost importance—for if these principles be well understood *Book Keeping* is redu-

ced to one of the most simple sciences, and whatever form the books of various houses may assume, there can be no alteration in its principles. Consequently he who understands the subject as a science is prepared for all the variety of *phraseology in Journalizing*, the different *methods or forms of ruling*, and every change the *peculiar business or convenience* of the Merchant may dictate from the accustomed course of the pupil, as the *Laws are immutable*. And I will again repeat that a course like the above will give the student a more scientific knowledge of the subject than is generally obtained in the Compting Room in years, contrary to the opinion of those who have never understood it as a science, and who make the unqualified assertion that Book-Keeping cannot be practically taught in school. *This part of the subject you will find discussed under the head of Discussion.* At the end of this work I have introduced two of the three sets of books before mentioned for the purpose above alluded to.

For the encouragement of those who wish to make this science a part of their course of instruction, I will observe that in all probability the different branches taught at my Institution would out number (*almost*) those of any other conducted by one person, and yet by managing as before mentioned, I was enabled to give those who entered expressly for *Book-Keeping* a thorough scientific knowledge of the subject without interfering with my other duties.

It will be perceived that I have preceded some of the *Waste Book* entries by the Journal expression in *small italics*. This I have done that the student may accustom himself to such expressions as much as possible.

I have also made use of the *short method of Journalizing* believing it to be much the best for the beginner.

DISCUSSION:

I have before intimated that there were some who made the unqualified assertion that *Book-Keeping* could not be

practically taught in school. To such I would say (*with all due respect for their opinion*) that, *in all probability* the assertion never would have been made had they studied the subject *as a science*.

It is a well known fact that most of the first *Book-Keepers* in Europe* make no pretensions to a knowledge of business. Indeed the business man is considered one thing the Book-Keeper another, the latter attending to nothing more than the transfer of the daily entries made in the blotter, (*perhaps by a dozen hands*) to the various auxiliary books, from thence to the general Waste, where they are finally disposed of in the Journal and Leger. No doubt that it will be admitted that the Waste Book entries in the following set are purely mercantile, and the supposed transactions are such as are *daily found in the business world*, and that there can be no possible difference in *Journalizing and Posting* such transactions whether they be real or imaginary. Let us suppose a Merchant of extensive business to employ several clerks and a Book-Keeper. Now suppose A to be Cashier, B to attend to the delivery of the Merchandise, C to the Shipping and general out door business, and D to provide and pay the Laborers.

Now let us suppose the following entries to be made in the blotter, and first by

A. The Merchants Bank has discontinued Wm.	
Prices note at 4 months, received in Cash	\$200,73
Discount allowed	6.27

2d by B. Sold Wm. Shaw for Cash 100 barrels of Flour	600.00
--	--------

3d by D. Paid Wm. Kenney Cash for loading the William, per agreement,	164.00
---	--------

4th by the Merchant. Bought of Chas. Chase the Ship Lascar on my note at 4 months for	15000.00
---	----------

Now will any one pretend to say that it was necessary for the Book-Keeper to be an eye witness to each of the preceding transactions before he could enter them? Must he see the note delivered and the money received? will it

*And many in our own country.

be said that he should have attended to the delivery of the flour, paid Kenny himself for loading the William, and witnessed the purchase of the Ship by the merchant? No, it is enough for him to know, that the transactions have been correctly recorded in the Blotter, and are to be disposed of in the usual manner.

None will pretend to say that the Compting Room is the place for acquiring a scientific knowledge of this subject, as it is not the duty of the merchant or book-keeper to instruct the clerks. Should they undertake it, their time is so limited it would not allow them to enter into a scientific investigation of the principles involved. To whom then shall we look for such instruction? The answer is, to those who make it a business,—to those who are prepared to analyze every principle involved in the Science. And let me again repeat, that he who understands this subject, *as a science*, understands every principle of Book-keeping, under whatever form it may appear; and all the variety of forms by which books may be kept will be readily understood by him. I have introduced at the end of this work several forms of ruling. The advantage to be derived from each will be discussed in its proper place.

REMARKS ON LECTURE NO. 17.

The author has added this Lecture simply to illustrate and compare two methods of Journalizing when each partner furnishes capital for speculation.

FIRST METHOD.—In Entry A. it will appear that 400 bbls. of flour, valued at \$2000, were furnished by me, that Upton furnished 200, valued at \$1200; total \$3200; of which each partner's share is \$1600. Now it is plain that I must be credited for the flour delivered the concern, in the same manner as if it had been sold to any other concern or individual, and the new concern, or *merchandise Co. A. and Robert Upton*, (*Entries 1 and 5*,) must be debited.

SECOND METHOD.—In Entry E, I have credited each

partner for the amount which he furnished, and debited each as per Nos. 7 and 11. If the student will compare merchandise Co. A. Leger, first method, with that of Leger, second method, he will find that this account is not affected by the change. But Upton's account is; as in No. 5, (*Leger, first method,*) he is charged to \$400, and not credited for what he furnished; whereas in No. 11, (*Leger, second method,*) he is charged to his half first cost, and credited, as per No. 12, for the goods furnished, which exhibits the precise state of the transaction.

It is not material, however, which method is adopted, as it is a mere matter of choice. In both cases, Upton is charged to balance, \$1541; that is, *I owe him this amount.* Let the student determine whether this is correct.

REMARKS ON WASTE BOOK A.

Entry, January 1.—Merchandise per *Invoice Book*, page 1, \$12000. This amount includes the first three charges in that Book. See remarks on *Invoice Book*.

PAGE 1, *Entry*, Jan. 17.—Let me here take advantage of this *Entry*, to illustrate the nature, meaning, and form of a *Bill Payable and Receivable*. Had this been an actual business transaction, Upton would have given me his note, expressed as follows:

BOSTON, January 17, 1841.

FOR VALUE RECEIVED, I promise to pay F. G. CLARKE, or his Order, three thousand, five hundred and fifty dollars, in sixty days from date.

\$3550.

R. UPTON.

To me this is a *Bill Receivable*, because I have to receive the money; but to Upton it is a *Bill Payable*, for he has to pay the money. Hence the student will always know what is meant by a *Bill Payable* and *Bill Receivable*. And here let me remind him, that all notes, custom-house and other bonds, obligations, &c. that he has to pay, are classed under the general head of *Bills Payable*; and all those the value of which he has to receive, are classed under the head of *Bills Receivable*.

The student will refer to Sales Book, page 1, to ascertain what goods were sold Upton.

FIFTH WASTE BOOK ENTRY, Jan. 24.—For “Bills Payable Dr. to merchandise,” read *Merchandise Dr. to Bills Payable*. Had this been an actual transaction, I should have given my note to Pingree as follows :

SALEM, Jan. 24, 1841.

FOR VALUE RECEIVED, I promise to pay THOMAS PINGREE, or Order, the sum of thirty one hundred and fifty dollars, in sixty days from date.

F. G. CLARKE.

\$3150.

To me a *Bill Payable*, to Pingree a *Bill Receivable*.—The student will refer to *Invoice Book*, page 1, to ascertain what kind of goods were bought.

The last Waste Book Entry on Page 1, Feb. 7, shows that after retaining Upton's note in my hands for twenty days, it was discounted at the Merchants' Bank ; that is, the Bank retained \$51.33 of the amount due me by Upton, and paid the balance, \$3498.67, in cash. Now before the forty days expired, the Bank must have notified Upton thus :

MR. ROBERT UPTON,

A Note signed by you, in favor of F. G. CLARKE, for \$3550, becomes due on the 17th and 21st* inst. at the Merchants' Bank.

March 14, 1841.

Hence you perceive that the Bank deducts the interest on the note, as discount, and calls on Upton, the drawer, for the full amount of the note when due. Should he fail to pay it, then I must, because the note is endorsed by me before it is received by the Bank.

PAGE 2.—Entry, Feb. 12.—For a full explanation of this account, see *Directions*, page 36.

Entry, Feb. 26.—For explanations, &c. see *Directions*, page 39.

Entry, March 7.—The student must bear in mind that the shipment, in all cases, is made *Dr.* for the value of the goods shipped, and all charges thereon, such as, wharfage, truckage, insurance, &c. The consignee cannot be charged

*Which includes three days of grace.

to it, until the consignor has advices that he has received the goods. See *Entry, May 20*, page 5; examine outward Invoice, *Sales Book*, page 1.

PAGE 3.—*Entries, March 20, 28, and April 1 and 6*, relate to real estate. See observations in *Directions*, page 8.

PAGE 4.—*Entry, April 12*.—When you draw on any person to pay a sum of money for you, credit the person on whom you draw immediately, for the amount of the draft. See *Directions*, page 37.

Entry, April 18.—For Journal Expression "*Consignment No. 2*," see *Directions*, page 36, and *Lecture No. 13*.

Entry, May 2.—When a person draws on you, debit him immediately for the acceptance, or for the payment of the draft, as the case may be. See *Directions*, page 37, *Lecture 13*.

PAGE 5.—*Entry, May 17*.—We might have made two Entries of this—one of the purchase and another of the shipment. It is a better exercise for the student, however, as it now is.

There is a peculiar feature in this *Lecture*, to which I wish to direct the attention of the student. It appears that my ship, the Thomas Perkins, is credited for \$6750. It may be asked why: you shall have my reasons for it as brief as possible.

When the ship was purchased, she was charged for her cost. Had we paid for repairs on her, she then would have been charged to cash for the repairs, or for any other expense incurred, such as outfits, &c. Now if she is debited to her cost and charges, it certainly follows that she should be credited for all gains arising by way of freight, passage money, &c. But you say that she was not chartered, neither did you put her up for freight; she simply took on board your own goods. Will you say then, that I should credit my ship for rendering a service to another, and not credit her for the same service rendered me? Let us turn to page 16 of this Book, (or *Book A.*) and we shall find that she is again credited for \$1684.50, for the freight of the homeward cargo.

Hence, she is credited for two freights. Now suppose the ship had taken freight for another person, for the same voyage, and received the amount in cash. In this case, you would have credited the ship for the freight earned, and debited cash for the money received. From the above consideration, I think we may safely conclude, that the ship is one thing, the cargo another; and in all cases the ship should be debited for her cost, and all expenses incurred on her account, and credited for all she earns, whether it be in the service of the owner, or in the service of another. In adopting this plan, we should know precisely her value to us, in transporting our goods from one port to another, the cost of transportation, &c. &c.

It may happen; that when freights are very high, the merchant, by transporting his own goods, may make a bad voyage, in consequence of the fall in price in a foreign market; but surely he would not say that the ship had made a bad voyage; for, on the contrary, she has earned a valuable freight, just as certain as if the cash had been paid over to him on the return of the ship. Hence, the ship has done well, but the merchant has made a bad speculation.

Another important reason why the ship should be credited for the freight:—Take, for instance, our *Entry, May 17*. The entire cost of the goods on board, exclusive of freight, was \$17355.79. Now, I ask, what the goods were worth to me at Rio, after being transported? The answer is,—just the amount charged on the *Dr.* side, viz: \$24105.79. Again, in *Entry, Oct. 20*, the cost of the goods at Rio was \$17660.02; but on the arrival of the ship, they are enhanced by an amount equal to the duties and freight, making their actual cost \$20591.02 in Boston. Hence the conclusion, that it would be well to make two separate accounts of the voyage, viz: one of the ship, the other of the cargo or merchandise.

It is usual among merchants to keep an account of the voyage in a separate book. Suppose, for instance, the ship Thomas Perkins's first voyage to be entered, it would be thus expressed:

Dr. Ship Thos. Perkins's First Voyage to Rio de Janeiro, Cr.
5*

In this case, the voyage would be debited and credited, instead of the ship and cargo, as above ; which necessarily embraces both ship and cargo under one head.

PAGE 6.—*Last Entry, June 20.*—The student, after closing this account, *as per Lecture No. 4*, must turn to the *Commission Sales Book* and compare the *Dr.* side of that account with this. On examination he will find that *the account* is there charged to the whole first cost, expenses, commission, and to Upton's and my half nett gain, equal to \$1650.

Now this account, in the Waste, or *merchandise Co. A.* is charged to expenses, commission, and to Upton's half nett proceeds, (*which includes his half first cost and nett gain,*) and to my nett gain, equal to \$1025. Now, if to this amount we add my half first cost, \$625, we have \$1650, equal to the total cost and charges as above. The student should examine such transactions with care, and satisfy himself why the account is thus varied.

PAGE 7.—*Entry, July 4.*—See *Lecture No. 14, Directions*, page 41. For *Invoice outward*, see *Sales Book*, page 2.

PAGE 8.—*Entry, July 9.*—See *Lecture No. 13, Directions*, page 36.

Entry, July 18.—See *Lecture No. 14, Directions*, page 41.

Entry, July 22.—See *Lecture No. 15, Directions*, page 43.

PAGE 9.—*Entry, Aug. 3.*—The Wine was ordered by me. Hence, I credit Harrod & Clarke for the amount as per Invoice which see. The duties and freight are charges on the wine, therefore I add this sum to the first cost, or amount of Invoice, which makes the total cost \$5663.

Entry—Aug. 9.—See *Lecture No. 14*.

Entry Aug. 12. For Custom House bond, see page 150.

PAGE 11.—*Entry, Aug. 30.*—As the goods were taken to the account of Co. A. I am charged under the head of *merchandise Co. A.* for my half, and Upton for his half.

Cash is debited for the money received, and John Knight is credited for the amount of the debt.

Entry, Sept. 2.—See Remarks on Entry, March 7.

PAGE 12.—*Entry, Sept. 10.*—My draft on Tate, although drawn for \$3000, is not worth so much in the market by \$30; hence I credit Tate for its value, \$2970. You will observe in this transaction that Tate is both debited and credited.

PAGE 13.—*Sept. 16, Second Entry.*—Gordon's note to me is a Bill Receivable; mine delivered him is a Bill Payable.

PAGE 14.—*Entry, Sept. 25.*—Compare this with *Commission Sales Book*.

Entry, Sept. 28.—See Lecture No. 15.

Oct. 2. Last Entry.—The storage, \$24.55, interest, \$9.71, and my nett gain, \$778.27, are ranked under the head of *Profit and Loss*, equal to \$812.53.

PAGE 15.—*Entry, Oct. 8.*—Here I debit the Insurance Company, and credit each partner for his one-third of the amount insured. If the student will refer to the *Leger*, page 8, he will find that shipment to *Liverpool Co. B.* is credited by *Profit and Loss* for \$560.81, which is the loss I have sustained on the shipment. The next account is *Samuel Williams's*. The only *Dr.* charge in this account is for his one-third of this shipment, viz: \$3143.15. Now, he is credited, Oct. 8, by Asiatic Insurance Company, same account, for \$2582.34; the difference between these two charges is \$560.81, making his loss the same as mine. It will be found that George Greely, (*in his account which follows,*) has lost the same.

Entry, Oct. 10.—If the student will refer to page 11, *Entry, Sept. 6*, he will find that I sold Howard & Chase, Gray's Set of Exchange on Samuel Williams, Liverpool. By reference to page 10, Aug. 27, he will find that Gray delivered me this Set to balance account. Now, it appears by Entry Oct. 10, that the draft or bill was presented to Williams, at Liverpool, and payment refused. Afterwards a formal demand was made on Williams, by a Notary, (*which must always be done in case of refusal,*) and pay-

ment again refused. Hence, Wilson, the holder, through his agent, demands satisfaction of Howard & Chase.—Howard & Chase demand satisfaction, or the payment of the draft, together with damages, &c. of me. My claim for satisfaction is on Gray, (*the drawer of the bill,*) for the same amount, (unless additional expenses have been incurred, if so, they must be allowed,) which you will find he has paid, in Entry, Oct. 12. This is the effect of protesting a Bill for non-payment. The student is referred to the *Merchants and Ship-Masters' Guide*, for every particular relating to this subject.

Entry, Oct. 16.—The student will take this Entry, in connection with Entry, page 16, Oct. 20, examine Barstow's account in the Leger, and he will find that \$19190 is the balance due me from the sales of the Thomas Perkins's cargo, after my draft on Barstow, for \$6794, has been deducted.

PAGE 16.—Last Entry, Oct. 24.—It will be found that my nett gain and half first cost, under the head of *Profit and Loss*, \$1242.50, shipment to Liverpool Company A. \$3366.50, (*Journal*) is the same as Upton's half nett proceeds, \$4609. This arrangement is made in order that shipment to Liverpool Company A. may close in the Leger.

Had I credited myself for half of the draft, as I did Upton, then the account in the Leger would have been closed, *To Profit and Loss*, \$1242.50, for the gain. Closing Company accounts in the Leger, *To or By Profit and Loss*, I have always avoided, when it could be conveniently done, preferring to make it a general rule to close such accounts in the Waste.

REMARKS.

In this Set of Books, nothing has been said on expenses or charges usually incurred in business. Such charges are generally paid in cash, frequently in very small sums. It

is usual to take the amount for the month, or every six months, make one entry and debit *Profit and Loss* to it. Thus, for instance, "Paid cash for expenses incurred the last six months, \$52.61." Our Journal Entry is,

Profit and Loss,	\$52.61		Cash,	\$52.61
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LEGER A.

INDEX TO LEGER A.---This Book is alphabetically arranged, merely to refer the book-keeper to any account in the Leger. Thus, for instance, under the letter S. we find : *Shipment to Liverpool Company A. 10* ; which shows that this account will be found in the 10th page of the Leger ; and so for any other account.

ON SUMMING UP THE LONG ACCOUNTS.

When every transaction in merchandise and cash is posted to the Leger, it is to be presumed that these accounts must be extensive. The student will bear in mind, that in actual business, it is important to take the sum of his Entries in (*all the long accounts in*) the Leger often, say every six or eight entries. By observing this generally, he will have his accounts and books always in readiness to close.

It is not necessary to post the cash and merchandise for every transaction, as these items may be posted by the page or month. See *Remarks in Directions, on the different forms of Ruling.*

ON CLOSING THE ACCOUNTS AND THE BOOKS IN THE LEGER.

See *Directions*, pages 7 to 15 inclusive.

ADDITIONAL REMARKS ON CLOSING THE ACCOUNTS, &c.

STOCK ACCOUNT, page 82.---This account is *the first opened and the last closed*. See *Directions*, page 7. Consult Lecture No. 1; also remarks on Balance Account, Book B. page 128.

MERCHANDISE ACCOUNT, page 84.---Refer to *Directions*, page 8; also to Remarks in *Directions* on *Invoice and Sales Book to Book A.*

PAGE 84.---*William Gray, Charles Goddard, John Knight's*, and indeed for all *personal accounts*, see *Directions*, page 9.

PROFIT AND LOSS ACCOUNT, page 88.---The Dr. sum, 695.66, of this account, shows the amount of the losses; the credit sum, 3381.12, shows the amount of the gains which have been posted from the Journal. All the entries in italics show the Profit or Loss arising on the accounts in the Leger. Thus: the gain on *Merchandise, House in Tremont street*, and *Store on India Wharf*, have been brought from pages 2d and 3d of the respective accounts in the Leger; and so for all the rest. The difference between the two sides, 19358.72, is my nett gain, and is transferred to the credit side of Stock account.

MERCHANDISE Co. A., page 88.---The Dr. side shows your own half first cost, the Cr. side shows the total sales; if all be sold, the account will close itself. (See *Directions*, page 17.) If part only be sold, close the sales of the part sold, in the same manner as if the whole was sold, and credit the account for your part remaining on hand, at the cost, which will balance the account.

Shipment to New York, page 89.---There were two shipments made to Goodhue. One on March 7th, and the other, Sept. 2d. The account of sales of the first was received, but that of the last has not been received. The Rule for closing this and all similar accounts is as follows:

RULE. If the account of sales of the whole has been received close the account either *To or By Profit and Loss* for the Gain or Loss. If the account of sales has not been

received close the account *By Balance* for the amount of Invoice or value of the goods when shipped. If the account of sales of part only has been received, close the account first *By Balance* for the part remaining unsold, at the Invoice price, or its value when shipped. Then To or By Profit and loss for the Gain or Loss as in this example.

Consignment No. 2, page 7.—See *Directions*, page 36.

Benjamin Goodhue's Account, page 90.—The student will observe that this account is closed by *Double Balance* that is, "To Balance" for the Cr. amount, and "By Balance" for the Dr. amount. Our object in this is to have the account enter the new Books as it is in the old; a reference to the balance, page 94, shows that this account is charged to Goodhue for \$9279.54, the amount due me, and credited by him for \$10924.00, the amount I owe him, which according to the definition of balance account will debit him in the new Book for the Dr. amount, and credit him for the Credit. We derive no great advantage by this process, it is well enough, however, to understand it.

Ship Thomas Perkins, page 90.—I will here remark as to all kinds of *real property*, such as *Merchandise, Ships, Houses, Stores, Lands, Bank Stock, &c. &c.* if remaining on hand at the close of the books, the account must be credited "By Balance" for their value, then "To or By Profit and Loss" for the Gain or Loss. If sold, the account is simply closed either "To or By Profit and Loss" for the gain or Loss. In this example I have supposed the Ship to have depreciated in value \$1500 and have closed the account accordingly, but notwithstanding it shows a gain of \$6934.50.

Shipment to Rio Janeiro, page 90.—See remarks on Shipment to New York.

Shipment to Liverpool Co B. page 90.—See remarks on Lecture 14.

Adventure Co. C. page 91.—This account is the same as any other adventure, shipment, or hazard. The Remarks on Shipment to New York apply to this. The Rule for closing is the same.

Merchandise Co. B. Sales No. 1, page 91, and *merchandise Co. B. Sales No. 2*, page 92.—It was necessary for me to distinguish the one from the other by numbering these accounts 1 and 2, as part of the goods of the first consignment remained on hand when the other was received. See *Directions to Lecture No. 14*.

Asiatic Insurance Co. page 93.—This is precisely the same as an individual account, and is closed in the same manner.

Commission, page 11—The Cr. side shows my gain as a factor or agent for others. The Dr. side generally shows nothing; it is closed *To Profit and Loss*, for the amount of the Cr. side. The Dr. side of *this account*, however, may show a loss by guaranteeing the sales of goods, and should commission be returned, after having been charged to an individual, it would be debited to Cash for the amount returned.

The Author (*in the Lectures*) has not been uniform in charging a commission on the shipment outward, &c. This charge was varied as would best suit the intended illustration. In company concerns the commission of the active partner is established by agreement.

Balance Account, page 12—See *Directions*, page 11, and *Lecture No 1*.

Trial Balance—The Student will bear in mind that in actual business the Trial Balance *must not* be introduced into the Leger. The difference between the Dr. and Cr. sides of the accounts is to be taken on a separate piece of paper, and not in the Books as represented in Leger A. The Trial Balance may be made out in a small Book expressly for the purpose.

Detection of Errors—Should the Trial Balance prove the Leger incorrect, the error must be sought for as follows: Count all the sums on the Dr. side of the Journal, and those on the Dr. side of the Leger; if they be the same we may conclude that nothing has been omitted in posting or in the transfer of the Debtors from the Journal to the Leger; do the same with the Credits.

Compare the Dr. and Cr. sums of the Journal with those of the Leger; if the sums do not agree, there is an error somewhere.* We will illustrate this by means of Lecture No. 1.

DR. AND CR. SUMS OF THE LEGER.

Dr. side of Stock, . . . \$1100	Credit side do. 9000
" " " Cash, . . . 2693	" " " 1000
" Bills Receivable, . . 1700	" " " 700
" House in Court street, 3000	
" Merchandise, . . . 4000	" " " 1750
" Wm. Shaw, . . . 1050	" " " 500
" Profit and Loss, . . . 7	" Bills Payable, . . . 600
<u>\$13550</u>	<u>\$13550</u>

If the student will add up the Dr. and Cr. sides of the Journal he will find that each sum is 13550, which agrees with the above sums of the Dr. and Cr. sides of the Leger, which is a conclusive proof that nothing has been omitted, and that both books have been correctly added.

These sums have been taken as they would have been, provided the Books had not been closed. The student must not confound the sums after closing with those before closing in the illustration.

TO CORRECT AN ERROR.

If an amount should be entered on the Dr. side of an account that should have gone to the Cr. you must credit the account, "By Error" for the same amount, and then make the right entry. On the contrary, should the error be made on the Cr. side, then debit the account, "To Error" for the same amount, and make the proper entry. Nothing should justify an erasure or scratching out an entry when once made in the Leger.

*The Dr. and Cr. Columns in the Journal should always be summed up as in Book A. for this purpose.

INVOICE BOOK.

Let me here impress on the mind of the student, that all Bills of Parcels, Invoices of Goods, &c. received on the merchant's own account, on the joint account of himself and others who may speculate with him, or on the sole account of others, are first entered or copied into this Book, and are afterwards introduced into the Waste in an abridged form. See *Waste Book A*.

The three first entries in this Book are supposed to be transactions previous to the opening of Waste Book A. The three amounts are equal to \$12000, the same as merchandise under the head of "*Inventory of my Effects*," page 46.

SALES BOOK.

All sales made on the merchant's own account, Invoices of goods shipped on his own account, or on the joint account of himself and others, who may speculate with him, are to be first entered in this Book, and afterwards in an abridged form in the Waste. See *Waste Book A*.

COMMISSION SALES BOOK.

All sales made on account of the merchant and others who may speculate with him or on account of other persons, are to be entered in this Book. All charges on goods received are first made in this Book, and afterwards in an abridged form in the Waste. The settlements of company transactions and consignments are first made in this Book and then entered in the Waste.

The closing of the accounts of Merchandise Co. A. in this Book and in the Waste, differ in this particular, viz: In this Book we debit the whole first cost, the charges, and each partner's nett gain. In the Journal the Dr. amount includes all charges, Upton's half nett proceeds, and my

nett gain : the reason is obvious. See *remarks in Directions*, page 54, on last Entry, June 20.

Compare the settlement of the 100 bales of Cotton, Co. B. in the Waste, page 14, with that of this Book. Indeed, it will be well for the student to compare the settlement of all corresponding accounts with each other in these Books.

BILL BOOK.

All Notes, Bonds, Drafts, &c. &c. must be entered in this Book.

The *Bills Receivable* and *Payable* are usually entered in one book. Some adopt one form, some another ; the form here inserted is probably as convenient as any.

BILLS RECEIVABLE.—If the student will turn to page 1st, Waste Book A. he will find that Robert Upton passed me his note on January 17.

Now Robert Upton is the maker or drawer. The note is in my favor ; it was given me for merchandise sold him ; it was dated Jan. 17, and due in sixty days ; became due March 17, and was finally discounted at the Merchants' Bank, Feb. 7, (see pages 50 and 51, *Directions*) which is the full history of the note as entered in the Bill Book. In the same manner, all notes, drafts, &c. are entered in this Book. The notes of 1840, in this Book, were notes in my possession previous to the opening of Book A.

BILLS PAYABLE.—Turn to page 1, Waste Book A. Jan. 24, and you will find that F. G. Clarke passed his note to Thomas Pingree on that day ; hence F. G. Clarke is the maker or drawer. The note is in favor of Thomas Pingree, due, &c. as per entry of No. 3 in this Book.

CASH BOOK.

It is almost a universal custom, in all kinds of business, to ascertain the precise state of the Cash Account every night. It does not follow, however, that it is necessary to

close the Cash Book at the close of the day, as it may be left open and closed at the end of every month. In this case, the Book-keeper could post the total amount paid and received to the Leger from this book, at the end of every month, instead of posting the items daily, which would very much abridge this account in the Leger.

The student will observe that the entries in this Book are much abridged. The expression, "To merch'd received from Wm. Warren," is to be understood thus,—*Cash Dr. to merchandise, for amount received of Wm. Warren.*—Again, the credit expression, "By Benson's consignment paid freight," read—*By Cash paid freight on Benson's Goods, &c. &c.* The student will not require any explanation of this Book, as a reference from the Waste to this will be all that he needs.

ACCOUNT OF SALES, (*Page 113.*)

This is a paper which should always accompany the Account Current when transmitted to the Consignor, as it gives him a particular account of the sales of his goods, together with all charges thereon, including Commission. It needs only to be examined, and compared with the Waste, to be understood.

PARTICULAR DIRECTIONS *for closing the Sales of Goods on account of the Consignor, with Remarks on the ACCOUNT CURRENT.*

The student will bear in mind that in closing the *Consignments, Company Concerns, &c.* (in the *Commission Sales Book*) I have not equated the time of payment and charged the interest on notes not due. Neither have I allowed the interest to others for balances remaining in my hands after they were due, fearing that I should make the settlement of such accounts too complicated for the beginner, unless they were accompanied with a familiar illustration of the whole process, which could not be done *conveniently*

in the body of the work. I was therefore *of the opinion* that the better plan would be to illustrate and develop the whole process of the settlement of such concerns, (under the following head,) by which he could guide himself in all similar cases.

ON CLOSING CONSIGNMENTS.

It is a common practice with men of business, for the *Consignor* to draw on the *Consignee* before his goods are disposed of, and in some cases even before his goods have come to hand.

It frequently happens, also, that the *Consignee* retains a balance in his hands, subject to the order of the *Consignor*, some time after it is due, and in most cases large sales are made on time, varying, as circumstances may seem to require, for instance, 30, 60, 90 days, &c. Hence it will be at once perceived, that in each of the above cases, an allowance is to be made for interest. Consequently it will be absolutely necessary for the *Consignee* to know the precise day on which the total amount of sales is due his *Consignor*.

This is found by Equation.

There are quite a variety of methods for finding the mean time of payment; perhaps the principle will be better understood by the following method. We will make use of Benson's sales, which were closed on the 9th of April, (page 3d, *Waste Book A.*) for our illustration.

Assume any time for a settlement between the date of the first sales and the date it is due, and proceed as follows:

First Sales, Feb. 28.—To P. E. Webster, 60 days,
due April 28, \$1390
(19 days after the 9th of April.)

Second Sales, March 9.—To Hall & Conant, on
account, due in 60 days, May 9, 2841
(30 days after the 9th of April.)

Third Sales, March 13.—To Edward Oxnard, 90
days, due June 13, 3414
(61 days after the 9th of April.) *Total sales, 7645*

Rule.—Multiply each amount by its time, and divide the sum of the products by the total sales.

$$\begin{array}{r} \text{A. } \left\{ \begin{array}{l} 1990 \times 19 = 26410 \\ 2341 \times 30 = 85230 \\ 3414 \times 61 = 208254 \\ \hline 7645 \end{array} \right. \quad)319894(42 \text{ days nearly.} \end{array}$$

Hence in 42 days from April 9, the total amount of sales is due Benson, which will bring it to the 21st of May.

PAGE 2. Feb. 12.—Paid freight on his goods, \$200
(98 days before the 21st of May.)

Hence by the Rule of Three we have

$$\begin{array}{r} 200 \\ \text{Days. } .06 \quad \text{Days.} \\ 365 : 12.00 :: 98 : \$3.22 \text{ interest due me. } \text{B.} \end{array}$$

For interest on total sales—

$$\begin{array}{r} 7645 \\ .06 \\ 365 : 45870 :: 42 : \$52.77 \text{ due me. } \text{C.} \end{array}$$

First draft for \$3218, paid March 15, which is 67 days before the 21st of May: hence,

$$\begin{array}{r} 3218 \\ .06 \\ 365 : 19308 :: 67 : \$35.52 \text{ due me. } \text{D.} \end{array}$$

One Bond for duties, Feb. 12, due Aug. 12, which is 83 days after May 21st,

\$300

One do. do. do. Feb. 12, due Oct. 12, from May 21st, is 144 days,

300

600

BY EQUATION.

$$\begin{array}{r} 300 \times 83 = 24900 \\ 300 \times 144 = 43200 \\ \hline 600 \quad)68100(113\frac{1}{2} \text{ days; hence we have} \\ \text{for the interest, } 600 \\ .06 \end{array}$$

$$365 : 36.00 :: 113\frac{1}{2} : \$11.19 \text{ due Benson. } \text{E.}$$

Benson drew on me for the balance, \$3214.75, which

was accepted the 16th of July, and due the 16th of August, which is 87 days from the 21st of May. Hence,

3214.75

Days. .06 Days.

365 : 192.8850 :: 87 : \$45.97 due Benson. F.

Interest my favor.		Interest Benson's favor.	
B. On cash paid freight,	\$3.22	E. On Bonds for duties,	\$11.19
C. " total amount of sales,	52.77	F. On balance,	45.97
D. " Cash paid 1st draft,	35.52	Balance of int. my favor,	34.35
	<u>\$91.51</u>		<u>\$91.51</u>

The student will observe that the balance of interest my favor in this calculation, differs from that in Benson's Consignment, *page* 114, by 8 cents; this arises from making use of a decimal multiplier which was a prime number.—The author thought best to illustrate the calculation as above, as it would be more exact.

REMARKS, CASE 1.

When goods are purchased at different periods, and the terms of credit vary as in Example A., the equated time may be found as follows:—

	days.	Product.
First sales, Feb. 28, due April 28, \$1390		Sum first due.
Second sales, March 9, due May 9, 2841	$\times 11$	. . . 31241
Third sales, March 13, due June 13, 3414	$\times 46$	. . . 157044
	<u>7645</u>	<u>)188285(24 days.</u>
		15290
		<u>3538 &c.</u>

Now if we add these 24 days to April 28, we shall have the mean time of payment, which will bring it to May 22, differing one day from Example A.

We have not been critically exact in either calculation; we have taken the time to the nearest day.

RULE.—Take the difference between the time that the first payment becomes due and the time that each succeeding payment becomes due. Multiply each amount (*except the first*) by these differences.

Thus, the difference between April 28 and May 9 is 11 days. Now multiply the amount of May 9 by 11. The difference between April 28 and June 13 is 46 days. Multiply the amount of June 13 by 46, take the sum of the products and divide this sum by the total amount of sales, and the Quotient will be the number of days to be added to the day of the month, that the first sum became due. This is general and may be applied in all similar cases.

CASE 2.—When notes are given for goods purchased, (or for any other transaction) bearing the same date, but at different lengths of credit, as in Example E. the equated time may be found as follows :

	Months.	Products.
First Bond, Feb. 12, due Aug. 12,	\$300	$\times 6 = 1800$
Second do. Feb. 12, due Oct. 12,	300	$\times 8 = 2400$
	6,00	)42,00
		7 months.

Hence the mean time of payment is 7 months, or 212 days from Feb. 12, which will bring it to Sept. 12. Now, in Example E. the mean time was $113\frac{1}{2}$ days from May 21, which brings it to the same date. (*half day neglected.*)

RULE.—Multiply each amount by its time, and divide the sum of the products by the sum total, as above, and the quotient will be the equated time.

ACCOUNT CURRENT. (PAGE 114.)

The student will observe that we have a column in this Account which refers to the Waste. This is done to enable him to refer to the page containing the particular entry; it is of no use in a real *Account Current*. On examination it will be found that the Dr. side contains all charges against Benson entered in the Waste, but not the expenses incurred on his goods, as these expenses he will find have been deducted from the gross sales in the *Account of sales*, page 113, and this account credited by the nett sales *as per Entry, April 9*.

Hence, there are no charges in this account against Benson, except those that are charged directly to him, such

as his drafts, interest, &c. The Cr. side embraces all you owe him, viz: the nett proceeds of his goods, and interest on sums retained in your hands after the total amount of sales became due. A reference to the Waste,* to the preceding directions on closing consignments, and to the account of sales of Benson's goods, page 113, will give the student a just idea of the Account Current generally.

WASTE BOOK B.

Entry, page 5, Oct. 18.—The student may call the merchandise whatever he pleases, say, for instance, 500 bbls. of flour at \$6, amounting to \$3000.

ABRIDGED INVOICE AND SALES BOOK TO WASTE BOOK A. (PAGE 122.)

These Books are arranged expressly to enable the student to understand the principles on which the merchandise account is closed. He is not to suppose that the *Invoices and Sales Book*, thus arranged, are kept by merchants generally, as in most cases it would be impracticable. But such books may be kept, provided the individual should deal in a very few articles only, and should sell altogether in large quantities.

The student will observe that there are several distinct divisions in these books, viz: *Flour, Wine, Molasses, Hides, &c.* These are the articles in which it may be supposed that I have traded. To a full understanding of these books, it will be necessary for me to illustrate the Flour Account only, as they are all similar. The article corresponding to the date under the head of December, supposes it to have been in my possession previous to the opening of the books.

INVOICE BOOK.—*Dec. 22.*—Lot No. 1—500 bbls. shows that I have received from Clarke & Kellogg, 500 bbls. of Flour, at \$5.74 per bbl.

Jan. 28.—Lot No. 2, bbls. 200, shows the number of barrels purchased in this Lot.

* Page 3, *Entry, April 9.*

April 28.—Lot No. 3, bbls. 294, shows the number of barrels purchased in this Lot.

Oct. 24.—Lot No. 4, bbls. 100, shows the number of barrels purchased in this Lot.

The figures in column P. refer to the page in the Waste.

SALES BOOK.—The two Entries, *Jan. 10* and *17*, Lot No. 1, show that I have sold 320 bbls. from this Lot:

Feb. 3.—Lot No. 2, shows the sales of 150 bbls. from this Lot.

May 2.—Lot No. 3, shows the sales of 200 bbls. from this Lot, making a total of 670 bbls. amounting to \$4590.

Now **Lot No. 1**—purchased 500 bbls. sold 320, leaves a balance on hand of 180 bbls.

Lot No. 2—purchased 200 bbls. sold 150, leaves 50 on hand.

Lot No. 3—purchased 294, sold 200, leaves on hand 94.

None of Lot No. 4 were sold; therefore we have the whole on hand, viz: 100 bbls.

On examination, the student will find the Sales Book to be credited with the balance of each Lot on hand, at its cost, total, being \$2372.20

To which add total amount of sales, 4590.00
6962.20

Deduct total cost, Invoice Book, 6234.00

which gives us a profit, on the article of flour, of 728.20

And thus we ascertain the balance on hand and the profit arising on each article.

Total balance is as follows:

Flour,	\$2372.20
Wine,	7768.00
Molasses,	1540.00
Hides, (page 1)	3705.00
Indigo,	3326.40
Coffee,	8053.75
Sugar,	10220.46
Hides, (page 2)	2316 81
	<u>\$39302.62</u>

For which the merchandise account in Leger A. must be credited, which makes the credit sum of this account,

\$66348.62

From which if we deduct the Dr. sum . 63129.42

we have a nett gain of . 3219.20

to which that account is charged, under the head of Profit and Loss.

Now the Profit arising on each article in the *Abridged Invoice Book*, is as follows :

Flour,	-	-	-	-	728.20
Wine,	-	-	-	-	1260.50
Molasses,	-	-	-	-	780.50
Hides,	-	-	-	-	450.00

3219.20 the same as above.

WASTE BOOK C.

The author has thought best to illustrate the closing of *Merchandise Co. A.* page 135, Feb. 21, as the student would be perplexed to ascertain the cost of each article sold, as a part was shipped, a part sold, and a part delivered to each partner.

FLOUR.

Dec. 7. 1000 bbls. bought for cash, at \$6, 6000.00	Dec 12. 200 bbls. sold G. Bartol, at \$10, . . . 2000.00
" 10. 1200 bbls. rec'd of W. Milner, at \$8, . . . 9600.00	" 13, 1000 " delivered Co. B. shipt to Liv- erpool, \$10, 10000.00
<u>2200</u> <u>15600.00</u>	1200 total sales. <u>12000.00</u>
	Feb 20, 1000 half del. Up- ton, half taken to my own ac. <u>2200</u> at cost, \$8.

WINE.

Dec 8. 1500 gals. rec'd of Mich'l. Williams, at \$3, 4500.00	Dec 12. 1000 gal. sold G. Bar- tol, at \$4, 4000.00
Dec 26. 600 " bo't of Co. B. at \$2.50, 1500.00	Total sales of wine & flour, 16000.00
" " 200 " " of R. Up- ton, at \$4, 800.00	Dec 30. 500 shipped to Baltimore. 600 " " 200 " "
<u>2200</u> <u>6800.00</u>	<u>2300</u>

Hence you will observe that there were 1200 bbls. of flour sold; 1000 bbls. I suppose to have cost \$6 per bbl. and the 200 to have cost \$8. The 1000 gals. of wine sold, to have cost \$3 per gall. The account is thus closed:

Total sales,		\$16000
My Commission at 2½ per ct. is	400	} 500
Storage,	100	
Total nett sales,		15500
Upton's half nett proceeds,		7750

1000 bbls. flour, cost \$6,	\$6000	
200 " " " 8,	1600	
1000 galls. wine, " 3,	3000	
	10600 half cost,	5300
	My nett gain,	2450

Thus have we accounted for all the purchases, sales and shipment made on the joint account of F. G. Clarke and R. Upton, from the 7th of December, at which time this present course of speculations commenced.

ABRIDGED INVOICE AND SALES BOOK TO WASTE BOOK B. (PAGE 136.)

See remarks on the same books for *Waste Book A.* page 69, *Directions.*

The student will observe that I have credited the balance of salt on hand, (in the *Sales Book*,) for more than it cost. This may be done when goods on hand rise in the market; there is no advantage, however, to be derived from it.*

JOINT PARTNERSHIP. (PAGE 138.)

This is a concern differing widely from the temporary company concerns before discussed, as the signature of one partner, in any business transaction, of whatever name or nature, binds the other.

*If the student will refer to the first Entry in Waste Book B. page 116, he will find that I had in store, at the opening of the Books, "*Merchandise per Invoice Book*," \$11600. This includes the 600 bags of Coffee received by the Wm. Tell, valued at \$6600, and 1000 bbls. of flour received per Charles, valued at \$5000, making 11600, as per Waste Book Entry.

Notice of a connection of this kind is generally given in the public journals, and the Law demands that public notice be given of the intention of the parties to dissolve their connection.

The Books of a concern of the kind are precisely the same as those of an individual, with this exception, viz :— *The opening and closing.* Instead of opening a Stock Account, necessity compels them to open an account with each partner at the onset, as each partner must be credited for what he contributes to the general stock, as in the *Journal*, page 139. Each partner, in dealing with the concern, is treated precisely in the same manner as any other individual. For instance, whatever he takes from the concern, for his own use or the use of his family, he is charged with it at the same price that any other individual would be. If he appropriates money to his own use, he is charged to it and to the interest on it, in the same manner as if loaned to any other individual. If he advances cash at any time, he is credited, and allowed interest on the sum so contributed. Hence each partner's account is closed in the same manner as that of any other individual.

ILLUSTRATION.—All the items, both in Upton's and Clarke's account, are supposed to have been first entered in the Waste, Journalized, and then posted to the Leger; for instance, the Dr. side of F. G. Clarke's account shows that he has drawn out cash to the amount of \$1800, and is charged to merchandise delivered him, \$200. The Cr. side shows that he has furnished during the year \$21663.83 viz : \$15445.79 in cash, \$6218.04 in merchandise.

The interest account immediately following exhibits the amount of interest on sums drawn out and advanced at different periods in the year, making a balance in favor of Clarke of \$1152.55, for which he is credited as per *reference A.* If in course we examine the Profit and Loss Account, we shall find this account charged to interest on the total amount furnished by each partner, (*as per references M. and N.*) the same as if the money had been hired and interest paid for its use. The account is credited also by

interest for sums drawn out by each partner, (as per *references L. and H.*) the same as if the money had been let to any other individual and the interest paid in. The difference between the two sides is \$17567.25, which is the total nett gain, the half of which is each partner's half nett gain, for which they are debited, on the same principle that we debit Profit and Loss account "*To Stock, for nett gain,*" in the books of an individual.

Now, as the Stock account in the Leger must be credited for the nett gain in an individual concern, so must each partner be credited in his account in the Leger (as per *references E. and F.*) for his nett gain, as these accounts supply the place of the Stock account. Now the Cr. side of my account is \$31600, the Dr. side \$2000; the difference between the sides is \$29600, which is my nett capital at the close; and the difference between the Dr. and Cr. sides of the balance account is \$50386.72; if from this we take my nett capital, we have for Upton's nett capital, \$20786.72.

The student will observe that Upton's account in the Leger is settled precisely as that of mine.

Perhaps, he may ask, why Upton, (having contributed so much less than myself towards the general stock,) should be allowed an equal share of the profits? He must recollect that each was credited with the interest on the amount furnished. A reference to the accounts will show that the interest to my credit is by far greater than to his. Hence the account of each is settled on principles of strict justice.

REMARKS ON THE DIFFERENT FORMS OF RULING. (PAGE 140.)

The student will observe, that in addition to making the Waste Book entries in the Journal form, I have introduced two money columns on the left and have made the Dr. and Cr. charges the same as in the Journal; indeed this process unites both books, as we before observed. Posting from this page, item for item, would be as readily and as conveniently done as from the Journal. For instance, take Entry T. where *Benjamin Goodhue* is Dr. to *Bills Payable* for

\$796.10. Turn to page 143, and examine the *Bills Payable and Benj'n. Goodhue's account in the Leger*, and you will find Benjamin Goodhue Dr. to Bills Payable, \$796.10, and Bills Payable credited by Benjamin Goodhue, \$796.10.

Hence all the sums on the left of *this page* answer to those on the Dr. side of the Journal, and those on the right to the Cr. The journal expressions are precisely the same. Hence in this form we have united both Journal and Waste. The Waste Book entries are abridged, but not too much so, as a reference to the *Auxiliary Books* develops the history of the transaction.

JOURNAL FORM, page 141.—This is a plan that has long been established in Boston and elsewhere, particularly among Importers of Dry Goods. The Journal is separate from the Waste, and ruled with three Dr. and three Cr. money columns. The columns marked *merchandise and cash*, are designed for entering the sums of money paid and received, and of goods bought and sold. These amounts are posted to the Leger but once a month. The columns headed *Sundries* are for the Personal Accounts, or indeed for all other entries except cash and merchandise. By this arrangement it will be perceived that the *Cash and Merchandise* accounts in the Leger must be very much abridged, as there can be at most, but twelve Dr. and twelve Cr. entries in the year. All other entries are posted daily in the usual manner.

ILLUSTRATION.—The Journal Entry, No. 3, answers to the Waste Book Entry C. Hence we debit merchandise by entering the amount, \$984.64, in the *Dr. merchandise* column, and credit cash by entering the same amount in the *Cr. cash* column.

Entry, No. 4, Journal, answers to Entry D. in the Waste; hence Charles Pratt is debited in the *Sundry* column for \$672.24, and merchandise is credited in the *merchandise* column for the same amount. In the same manner are all the Journal Entries made.

Now by turning to the cash and merchandise accounts in the Leger, page 143, we shall find that Cash is charged to

Sundries, \$13284.26, and credited by Sundries, \$4432.90, which is the Dr. and Cr. amount for the month at the foot of the Journal page 141. The merchandise account is debited and credited for amount at the foot of the same page.

The correctness of the Journal is ascertained by taking the sum total of the Dr. and Cr. columns, as in Journal, page 141.

JOURNAL, FORM SECOND, page 142.—This Form abridges all the accounts in the Leger, as all similar entries for the month are collected under one head from the Waste, and journalized either *To* or *By Sundries*, as the case may be. Thus, in page 140, Entries A., L. and N. we find Cash charged to three different transactions, the sum of which is \$13284.26, which is the amount received for the month. If we turn to the Journal, page 142, we shall find Cash Dr. to Sundries, \$13284.26. The credits are,

Stock,	.	.	.	.	\$12000.00
Merchandise,	.	.	.	.	294.50
Bills Receivable,	.	.	.	.	989.76

Again, in Waste,—Entries C, K, Q, and R, we find four different items charged to Cash, the sum of which is \$4432.90, which is the amount paid out during the month. Hence in the Journal we have,

<i>Sundries Dr to Cash,</i>	.	.	.	.	.	.	.	\$4432.90
The Drs. are, Merchandise for the 4th and 28th,								\$1166.80
Edward Orne,	.	.	.	.	.	.	.	2684.92
Bill Payable,	.	.	.	.	.	.	.	581.18

The other Entries are collected and journalized in the same manner.

To make this Form more complete, all the cash transactions should be entered in the Cash Book in the usual manner, and the Dr. and Cr. items for the month transferred to the Journal without entering the Waste. As our grand object has been a thorough knowledge of the principles of Debit and Credit, and the general Laws of Book-Keeping, we will leave the farther investigation of this part of the subject to the student. This method will evidently require some care on the part of the Book-keeper, in collecting the monthly items belonging to each account for the Journal.

The Form of page 141, being applicable to any kind of business, appears to offer greater facilities than almost any other, particularly where entries of the same kind occur frequently.

SHIP MASTER'S ACCOUNTS. (PAGE 144.)

It is necessary that the student should have a knowledge of these accounts, as he would be likely to have them fall into his hands, in the course of business, at any time.

The *Outward Invoice* does not differ from any other; the Master, in this case, is the *Consignee*, the Merchant the *Consignor*. Hence we conclude that the Master has full power to dispose of the cargo.

ACCOUNT OF SALES.—This does not differ from that of page 113. It is a particular account of the sales of the various articles by the Master, together with the Government and other charges on the goods. (*Such charges should not be entered in the bill of Disbursements.*) These charges deducted from the gross sales, leave the nett sales, for which the Account Current (*page 146*) must be credited.

BILL OF DISBURSEMENTS.—This account gives a particular history of the Government charges on the vessel, together with the American Consul's fees, under the head of *Port Charges*.

All expenses paid on the ship, together with the necessary stores, &c. for the homeward passage, under the head of *Disbursements*.

All advances made in cash to the *crew*, under the head of *Advances*.

These might have been entered indiscriminately, as they are all under the *general head of Disbursements*. But it is a better plan for the Master to distinguish, as it enables the Merchant to judge at once of the expenses incurred on the ship by him. *The Account Current is charged to this Bill, page 146.*

INVOICE HOMEWARD is the same as any other Invoice ; it shows the first cost, including charges and commission. *The Account Current is charged to this.*

ACCOUNT CURRENT.—This Account is similar to that of page 114. The Dr. side includes the Homeward Invoice, the Disbursements, and all you may have received in return for the outward cargo. The Cr. side shows the nett sales of the cargo.

FREIGHT LIST, page 147.—The Dollar in this account is valued at f5.25, or at 5 $\frac{1}{4}$ francs ; it requires no explanation.

The Bills of Disbursements, and the Account Current, pages 148 and 149, require no further explanation than is given in these pages.

CUSTOM-HOUSE BOND, page 150, is the same as any other promissory note ; the merchant binds himself by this instrument to pay to the United States the amount of Duties on the cargo imported.

TO THE STUDENT.

In taking charge of a Set of Books, when you open a *Personal Account* in the Leger the given name of the person should be written entire, and not abridged. If he resides in a city foreign from your own, the name of the city should be expressed, as in Samuel Williams and George Greeley's account, pages 90 and 91.

In actual business it would be better to have the Journal in a separate book, provided the merchant wishes to economize in his paper ; in this case there should be a column in the Waste to refer to the corresponding Journal Entry.

MERCANTILE FORMS.

PROMISSORY NOTE BY TWO OR MORE PERSONS.

WE jointly and severally promise to pay to WILLIAM REAMS, or order, in four months from date, nine hundred and sixty-four dollars and forty-two cents, for value received,

F. G. CLARKE.
WM. PIKE.

\$964.42

Boston, July 12, 1840.

RECEIPT FOR MONEY RECEIVED ON ACCOUNT.

Received of WILLIAM POOL, one hundred and forty-three dollars, eighteen cents, on account.

F. G. CLARKE.

143.19

Boston, Sept. 18, 1840.

RECEIPT IN FULL.

Received of HOYT & POPE, ninety-two dollars, in full of all demands.

F. G. CLARKE.

\$92.00

Boston, August 14, 1840.

RECEIPT FOR AN ENDORSEMENT ON A NOTE.

Received of CHARLES W. PENNELL, one hundred and ten dollars, fifty cents, which is endorsed on his note, June 18, 1840.

F. G. CLARKE.

\$110.50

Sept. 12, 1840.

BILL OF LADING.



SHIPPED in good order and condition, by John Whatson, on board the good Ship called the *Minerva*, whereof Charles A. Ward is Master for the present voyage, now lying in the Port of *Havre de Grace*, and bound for *Boston, U. S. A.*—to say :

Four hundred Cases of Florence Oil ;

Six Pipes of Brandy ;

Thirty-three Pipes of Claret Wine ;

being marked and numbered as in the margin, and are to be

F. G. C. 1 to 400 delivered in the like good order and condition, at the afore-

“ 1 to 6 said Port of *Boston*, (the danger of the seas only excepted)

“ 1 to 33 unto *Francis G. Clarke*, or to his assigns, he or they paying freight for the said Goods, in *U. S. Currency*, viz : *fifty cents on each Case of Oil, six dollars on each Pipe of Brandy, and five dollars on each Pipe of Wine, with customary primage and average.*—IN WITNESS WHEREOF the Master of the said vessel hath affirmed to three Bills of Lading, all of this tenor and date ; one of which being accomplished, the others to stand void.

Dated at *Havre de Grace*,
this 3d day of *May*, 1841. }

CHARLES A. WARD.

REMARKS.—If the student will turn to page 2d, *Invoice Book*, he will find that this Bill of Lading agrees with Watson's Invoice of the above merchandise shipped to me by him. It is to be presumed that Watson forwarded to me, by the first opportunity, one of the Bills of Lading, and afterwards another, for fear the first might have miscarried, to give me notice of the shipment and the conditions on which the Goods were put on board the *Minerva*, that in case of neglect on the part of the captain, his officers or crew, a loss or damage should arise, I could legally demand of the captain remuneration for all damages arising from such neglect. Watson of course would retain one of the Bills himself. The student will observe that the *danger of the seas is only excepted*.

N. B.—That part of the above Bill in *italics*, is left blank in the printed bill, which is to be filled up by the shipper, as circumstances may require.

CALCULATIONS.

To invest or purchase, so as to reserve the commission, or not to overship nett proceeds.

RULE.—As 100, with the commission or premium added, is to 100, so is the proposed investment to the sum to be laid out or invested.

EXAMPLE A.

Suppose that Samuel Williams, Liverpool, should direct you to invest \$6000 in Bills on London, when the premium was 2 per ct. and you should charge $\frac{1}{2}$ per ct. for investing, $102\frac{1}{2}=102.5$; hence,

$$102.5 : 100 :: 6000 :$$

100

$$102.5 \overline{)600000} (\$5853.66 \text{ very nearly.}$$

Hence you could invest \$5853.66. Now, as 4s. 6d. or 54 pence sterling, is the par value of the dollar, let it be required to ascertain the amount of the draft in sterling. We have,

EXAMPLE B.

Doll. d. Doll.
1.00 : 54 :: 5853.66

54

2341464

2926830

1,00)316097.64

12)316097.64

2|0) 2634|1.47

£1317.1.5½ the amount in

English money for which the Bill should be drawn.

PROOF OF THE CORRECTNESS OF EXAMPLE A.

5853.66

2½

1170732

292683

1,00)14634.15

146.34 Commission and premium.

5853.66 Amount to be invested.

\$6000.00 Proposed investment.

To raise the price of goods so as to discount without loss—or to effect insurance so as to cover the premium.

RULE.—As 100, less the premium or discount, is to 100, so is the present price or amount to be insured to the price or amount required.

EXAMPLE C.

Suppose the present worth of goods to be \$966, at what must they be valued to discount 8 per ct. without loss?

100

8

92 : 100 :: 966 : 1050 to discount without loss.

Proof. \$1050 to discount without loss.

8

84.00 Discount.

1050.00

966.00 present worth.

EXAMPLE D.

Suppose you wish to effect insurance on goods shipped to a foreign port, amounting to \$8000, and to cover the premium, 2 per ct.

100

2

$$\frac{98}{100} : 100 :: 8000 : \$8163.27 \text{ to cover premium.}$$

PROOF. 8163.27

2

1,00)16326.54

163.27 nearly.

8163.27 Amount to cover premium.

8000.00 Amount shipped.

DEFINITIONS.

Abandonment.—See *Directions*, page 31.

Bottomry.—A contract similar to a mortgage. The owner of a ship may borrow money to enable him to fit her out, and pledge the keel or bottom of her as security; if the vessel be lost, the lender loses his money. The lender is secured in his claim on the ship, in case of her safe arrival, by an instrument called a Bottomry Bond.

Policy.—This is an instrument by which a contract for insurance is effected.

Premium.—The money paid an underwriter for insuring the safety of a vessel, house, goods, &c.

Protest.—See *Directions*, page 55.

Primage.—A per centage allowed the captain on the amount of freight. The word *primage*, inserted in a Bill of Lading, is generally understood to be 5 per ct.

Respondentia.—A contract by which money is borrowed on goods, &c. which are held as security. The same nature as *Bottomry*.

Remittance.—Money, Bills of Exchange, &c. sent from one house or person to another house or person.

Tellers.—Clerks in Banks who reckon, pay or receive money.

Underwriters.—Persons who insure against loss by sea, or by fire on shore.

Wharfage.—Money paid for the use of a wharf.

ERRATA FOR THE PRINCIPAL BOOK.

Page 4, line 11 from bottom, for "book" read *books*.

Page 17, on the left—1st bottom line, for "Liverpool Co. A." read *Bahia Co. A.*

Page 45, for "Waste Book Co. A." read *Waste Book A.*

Page 46, line 22 from top, for "Bills Payable Dr. to merchandise," read *Merchandise Dr to Bills Payable.*

Page 118, line 3 from top, for 2020 read 3020.

Page 137, line 20 from top, for "Wm. Bilmer for cash at \$8," read *for cash at \$7.20.*

ERRATA FOR DIRECTIONS.

Page 35, line 2 from top, for "onvey," read *convey*.

Page 48, line 13 from bottom, for "discontinued," read *discounted*.

